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SECURITY COUNCIL MEMBER: INF OPPONENTS LACK ALTERNATIVE

Copenhagen INFORMATION in Danish 13 Apr 83 p 6

[Article by Major Michael Clemmesen, member of the Security and Disarmament Political Council: "The Peace Movement and Security Policy--Recommendation for an Alternative Policy"]

[Text] Unity on fair and correct goals, but difficulties with formulation of an alternative security policy.

In a parliamentary democracy the policies of the state are formulated with continuous consideration given to manifested opinion. In some areas opinions are expressed through interest groups, and the state has become accustomed to paying close attention to these.

In the security-political area Denmark has for a number of years lived without a manifested opinion, though the more or less popular movements, which altogether add up to the peace movement, arose at the end of the 1970's. Today it can hardly be contested that these movements and their sympathizers working in the media and in education have considerable meaning for the attitudes of the parties--and thereby for national policy.

This is unfortunate from another angle. It is emphasized that the security policy must be controlled by foreign and not domestic considerations. Such a position is understandable, even if it does not demonstrate a particularly long historical memory. When there is a difference between the map and the terrain, it is the terrain which must govern the actions. It is recognized that security policy has again become politicized, and that this largely happened on the premises of the popular movements. That must be our point of departure.

What premises have been so governing for politics, meaning what are the goals and strategy of the peace movement? Is it possible to formulate an alternative security policy by bringing in these goals and this strategy, a policy which always has a fairly good relationship with conditions abroad, and which at the same time can be based on a solid parliamentary majority?

After more than 100 meetings with the peace movement--spread over 3 1/2 years--it should be possible to outline an answer to that question. In those years there has been time to move away from the symbols--the nuclear-free zone and the missiles--and toward the formulation of a fairly consolidated alternative which could form the basis for our--meaning West Europe including Denmark--security policy.

It must, however, be confirmed that even if there has been time, that has not happened. The many meetings have--for this writer--been fruitful because of the many good and sometimes constructive conversations with deeply dedicated people. But it has not been possible to recognize any progress in the attitudes of the movement. It does not seem to have been possible to move them any farther than to the above-mentioned symbols. That is sad, because the movement should of course willingly reach valid, constructive results, and not just the destruction of the basis for the policies conducted so far. What is the reason?

Fine Goals

To have a constructive influence on developments, a minimum of two preconditions must be met.

In the first place one must know where he wants to go. Without having made his goal clear, one can not hope to have any influence--beyond perhaps a braking effect on a perhaps appropriate, perhaps inappropriate, development.

In the second place one must make his point of departure and his plan of action clear. One must, as carefully as possible, analyze the morass he finds himself in, and on the basis of the analysis, establish a passable route between the bogs and the quagmires. If, after having established the goal he ignores the point of departure, and with lifted eyes and firm steps moves toward the image of firm land, he is sure to end up in the swamp. The firm land will prove to be a steadily more remote mirage.

The peace movement has in all important respects succeeded in reaching unity in their goals: peace, nuclear weapon disarmament, and shifting of the freed western resources to more sensible purposes, primarily development purposes.

There is nothing more satisfying than to agree on a fair--and obviously correct--goal. And on the other hand, there is nothing easier.

As to the point of departure--and therewith the plan of action--it seems to be somewhat more difficult to achieve unity. One only agrees that the present situation, which is seen out of context with its previous history, is not acceptable. The same for the direction in which developments--almost by inertia--seem to be moving.

But it does not appear possible to fulfill the second precondition, the movement has no coherent--constructive--strategy. A unified position on impor-

tant problems--as, for example the Soviet Union's intentions and actual policies--is impossible.

Plans of action become purely internal tactics, leading to choice of methods of action in carrying out policies, so that they will lead to the goal. One establishes how the car is started, but underemphasizes the question of how it will be steered when it moves, and it is actually moving now. The question of steering will, however, solve itself because there is of course only one well-defined road--without obstacles--which leads to the goal.

Appearance of Unity

What is the cause of this attitude, which must be characterized as deliberate weakening of responsibility?

It can only be said that they place too great weight on retaining the appearance of the generally nonexistent unity within the movement.

The movement includes opponents of NATO membership and people who see that as a desirable possibility of influencing United States policy. Among NATO opponents there are adherents to a West European alternative, adherents to a Nordic alternative, and neutralists.

The movement includes people who are primarily opponents of nuclear weapons as a logical continuation of their opposition to nuclear power, and people whose opposition mainly has moral or religious roots.

The movement includes DKP [Communist Party of Denmark] members and people who are disgusted with that party, because they themselves are socialists. It includes people who see the Soviet Union as the primary threat, people who must be called smalltown sanctimonious, who turn away from both superpowers, and people who see the United States as the primary threat. It includes people who take the statements of the Soviet Union at face value, and people who do not.

The movement includes adherents of a totally unilateral western disarmament and people who merely want the West to show restraint. It includes traditional pacifists, people who say "what good can it do," people with Mao's attitude toward weapons and people, who merely want a "nonoffensive, non-provocative" defense.

The movement includes opponents of the military, and people who think that the defense of a democratic country should be built on conscription.

The movement includes utopians who want to act as if a better future has arrived, and constructive realists who do not share the goal of the utopians.

In order to maintain this appearance of unity there is--and is maintained--an artificial boundary between the peace movement and the forces in society who in reality have more in common with the constructive realists within the peace movement than they have in common with the pure utopians in the move-

ment. They prevent the dialogue which they declare they seek, the dialogue which is a precondition for its credibility, and which must be the goal in a democratic society.

Alternative

Although, as indicated, there has been no unifying alternative from the peace movement which has the desired dialogue as its purpose, I will allow myself to present one.

In the field of intercontinental strategic nuclear weapons, the policy should first aim at preventing a destabilizing development, and second toward reduction of the arsenals. It is here--to the extent that a significant reduction is not immediately possible--appropriate to support the idea which was advanced by Henry Kissinger and others, to change over from vulnerable--and therefore potentially destabilizing--and expensive systems with many missiles to mobile, single-missile and single-warhead systems. A reduction of the strategic arsenals at the same time as a change in this direction should be a central theme in the START negotiations.

Another theme should be to prevent defensive strategic armament. That means to prevent a development which in 15-20 years will bring a deployment of weapons of the type which President Reagan has recommended to investigate. There is a risk that such weapons in periods of unbalance will be able to destabilize the strategic situation, and there is certainty that the foregoing arms which will be the result of a continuous offensive-defensive arms race, will destabilize the political situation between the superpowers and also between the United States and West Europe. The last is not the least, because an American defensive armament by its nature will hardly be able to cover West Europe, and because a corresponding Soviet system will ward off the frightful effects of the French and British forces.

In Europe the situation is characterized by the picture of the conventional forces being tightly tied together partly by the political conditions in East Europe, and partly by the European situation in the nuclear weapons question.

In order to get progress in Europe, it is necessary that in the area of conventional forces small unilateral steps be taken in a direction away from universality--meaning the ability to solve offensive and defensive tasks--to only being able to solve the defensive. This involves primarily the situation in Central Europe, where the largest concentration of comprehensively assembled forces in the world is found. Most of these forces are located in East Europe and the western Soviet republics, where they, with their capacity for intervention--beyond comprising a threat to the West--contribute to guaranteeing the loyalty of the East European countries. If the problem with the offensive ability of the conventional forces is finally to be solved, it is therefore necessary that a movement take place

in the direction of making the governments there acceptable to their own people. After each step--which is explained to the adversary in a contact forum--a suitable step is expected from him.

In continuation of, or possibly at the same time as these steps, it will be natural to carry out a reduction of the so-called tactical nuclear weapons in Europe, at the same time as a decentralization which will reduce the vulnerability of the conventional forces to the remaining nuclear weapons.

Such steps in the tactical nuclear weapons area and the conventional weapons area can not avoid reducing the need for the number of medium-range nuclear missiles to the minimum judged necessary in order to compensate for West Germany's especially vulnerable situation.

In such a situation Denmark's membership in the alliance will be even less of a political problem than it is today. It will be a natural part of a more relaxed European situation, where the Warsaw Pact will also have a more political and less military character. It will also be still more natural than it is today to limit the readiness effort in defense and to replace it with full utilization of general conscription.

9287
CSO: 3613/105

HEAD OF ONLY PEACE MOVEMENT FAVORING ARMED RESISTANCE INTERVIEWED

Stockholm DAGENS NYHETER in Swedish 15 Apr 83 p 18

[Article by Peter Bratt: "Ulf Ekberg--Peace Advocate Who Supports Armed Combat"]

[Text] Ulf Ekberg is for peace and a strong Swedish defense. He is one of the founders of the organization Defense for Peace, which has now been in existence for one year. It is the only Swedish peace organization which is not pacifistic.

"My friends and I have pondered for a long time over the questions of peace. For a while we thought about going into the Swedish Peace and Arbitration Association and fighting to get a judgment to abandon pacifism.

"But that was deeply undemocratic. The pacifists also have a right to have their own organization," said Ulf Ekberg.

"But it would have been equally wrong to suppress our own views, so we decided to create a new association for peace which is not for Swedish disarmament alone, and not pacifistic. We believe that all countries and people have the right to defend themselves against violence and attack."

Six Became 100

Defense for Peace began with six members: four directors and two accountants. The directors were Ekberg, two construction workers and a journalist. Ekberg is an ordinary teacher and teaches math and physics. Today the association has nearly 100 members.

Over the weekend Defense for Peace is arranging a seminar at Kungsholmen College in Stockholm. On Saturday Ulf Lundin from the Foreign Ministry will speak about the situation with the disarmament negotiations.

Afterwards there will be a question period, which will be neutral, with the five largest peace organizations participating: The Swedish Peace and Arbi-

tration Association, The Labor Movement Peace Forum, The National Swedish Defense Society, People and Defense, and of course Defense for Peace.

An Alternative

Ulf Ekberg hopes that it will be clear to the audience that for those who are not pacifists, but who are for peace, there is only one alternative and that is Defense for Peace.

"The Labor Movement Peace Forum is of course an organization which arranges meetings, but it is not an association with special membership. People and Defense is just for parties and organizations, and The National Swedish Defense Society can of course not be said to work for peace in the first place, but for defense questions in the broadest sense. And the Swedish Peace Committee is purely prosoviet.

"If one is a pacifist, he can for example support the armed struggle for freedom in the third world, which we do. We are also for a people's defense, against high technology and very expensive weapons which only make it possible to defend the borders for a few weeks. We want a deep defense which is built on the ability of all the people to defend themselves in a prolonged war."

Against JAS

"Therefore we are against JAS [fighter-attack-reconnaissance aircraft]. It is going to exceed its cost limits, and is a very serious threat to general conscription, which several generals themselves have pointed out," said Ulf Ekberg.

"Defense for Peace believes that Sweden can defend itself even against a superpower in a conventional war, but we can not manage in a nuclear war. Therefore the association is against all forms of nuclear weapons.

"It is clear that a nuclear-weapon-free zone is not completely practical, meaning that missiles can be sent there from other places. But a promise from the superpowers heightens the nuclear weapon threshold, therefore it is important. It makes war more difficult.

"The Swedish Peace and Arbitration Association makes it easy for itself by being for unilateral Swedish disarmament, but the military also makes it easy for itself by not pretending that the threat of a nuclear war is real."

And one of the main points of Defense for Peace is that the defense forces should be democratized, and that brings more soldier power, which many find difficult to swallow.

Like Skold

Otherwise there are many ideas that the new association has in common with Chief of the Army Nils Skold, and therefore it is completely natural that he is one of the speakers at the seminar on Sunday. General Skold will then speak on the theme "Is Defense a Part of the Peace Movement?"

This will also take place at Kungsholmen College.

9287
CSO: 3650/165

TERRORISM

GREECE

GOVERNMENT JUSTIFIED ABOLITION OF ANTI-TERRORIST LAW

Athens I AVGI in Greek 16 Apr 83 p 6

/Text/ With regard to ND's communique on the issue of the abolition of anti-terrorist Law 774/1978, Minister of Justice G.A. Mangakis made the following statement:

"With its many provisions, the existing penal code punishes all forms of terrorism with great severity.

"The so-called anti-terrorist law, a creation of New Democracy, consequently did not at all strengthen action in confronting "terrorism." Its purpose was something else. To create possibilities for the elimination of political sentiments.

"For that reason, moreover, it was also intolerably indefinite as well as being unconstitutional. We are abolishing this needless and dangerous law. At the same time, we are strengthening the severity in confronting force and deeds against the state with a series of new regulations. Consequently, the one who is not justified in talking about a ridiculing of the Greek people is New Democracy."

The improved elaboration of certain provisions of the penal code, the code of criminal procedure, as well as the code on lawyers that were recently modified was the subject of a discussion between lawyers and Minister of Justice G.A. Mangakis.

The meeting was held yesterday at the Ministry of Justice. Another meeting will be held next Tuesday afternoon.

5671
CSO: 3521/287

VARIOUS MOTIVES ATTRIBUTED TO PSYKHIKO BOMBING

Athens TO VIMA TIS KYRIAKIS in Greek 17 Apr 83 p 11

/Report by N. Khasapopoulos/

/Text/ In an "urgent" and "top secret" message dated 31 March 1983, INTERPOL informed Greek police authorities that "specially trained cadres of the Abu Nidal group was scheduled to act against targets in Greece in the next few days."

According to INTERPOL, it was possible that these commandos would attack embassies of Middle East countries considered by them as being hostile to the goals of the Abu Nidal group.

Upon receipt of this message Greek police authorities issued an alert. On 2 April, a meeting was held at the Ministry of Public Order attended by high-ranking officers of the police and gendarmerie, as well as Athens general security. Possible targets of the extreme leftist Arabs were pointed out at this meeting. It was determined that these targets were:

- The American embassy on Vas. Sofia Boulevard, the home of the American ambassador on Panagis Kyriakou Street, as well as offices of American multinational and airline companies.
- The Israeli delegation on Marathonodromon Street in Palaio Psykhinko, the home of the Israeli charge and the offices of the El-Al airline office.
- The Saudi Arabian embassy on Marathonodromon Street, the home of the Saudi Arabian ambassador on Nikiforou Lytra Street across from the Soviet embassy, as well as the Saudi airline office.
- The Jordanian embassy located on Kolonaki Square.

The INTERPOL message was also relayed to officers of the Direct Action Squad and it was decided that special measures would be taken to guard the above possible targets. This was done.

Last Wednesday, an automobile filled with explosives blew up at the moment when the ambassador and first secretary of the Saudi Arabian embassy were passing by.

As of the moment this article is being written it is not known if indeed an Abu Nidal group came to Athens and secondly if this group was responsible for the terrorist explosion in Psykhiko.

According to reliable information from officers of the Ministry of Public Order and from foreign diplomats, it appears that there are at least three versions which could be taken into consideration as reference points for throwing light on this terrorist act.

According to the first version, the Abu Nidal group is responsible for the explosion. Abu Nidal, the group leader, belongs to the extreme elements of those Palestinians, headquartered in Damascus, who operate not only against Israel but against those countries and personalities whom they consider as having "betrayed the struggle" of the Palestinians. Indeed, this group recently assumed responsibility for the assassination of Issam Sartawi, PLO representative to the Socialist International, in Portugal. Abu Nidal and his colleagues consider Saudi Arabia as an agent of "American imperialism and of its aspirations in the Middle East."

The second version says that this terrorist act was perpetrated by agents of the Israeli secret services.

There is a third version according to which the automobile bomb was detonated by agents of the Ayatollah Khomeyni in Iran. Saudi Arabian-Iranian relations are particularly strained because Saudi Arabia vigorously supports Iraq, Iran's enemy, in the diplomatic, economic and military fields. In the past, immediately after Khomeyni's assumption of power, elements that support his regime tried to seize the Kaaba, the holy Muslim shrine in Mecca. These fanatic Muslims demanded at that time that the Kingdom of Saudi Arabia be proclaimed an "Islamic republic."

Nevertheless, investigations to uncover the culprits are continuing at a rapid pace. There are, however, special difficulties since regardless of which of the above-mentioned versions comes close to the truth the international links of the terrorists and agents make the discovery of the identity of the culprits difficult if not impossible.

5671
CSO: 3521/287

DILIPAK INTERPRETATION OF CHEMISTRY BEHIND ARMENIAN TERROR

Istanbul MILLI GAZETE in Turkish 7 Apr 83 p 3

["Foreign Policy" column by Abdurrahman Dilipak: "The Armenians' Month of Revenge"]

[Text] April is said to be the month of revenge for the Armenians. This cold news of death that comes with spring is undoubtedly causing more than enough anxiety to Turkish embassies, organizations and citizens overseas.

Once again, they will probably bomb a few places and shed the blood of a few more innocent people. But all these acts are really a preparation for a much bigger move that is in the making.

Neither the Armenians are so many as to be able to exterminate us, nor are we so few as to make it possible for them to exterminate us. In this situation, then, the goal is to place the Armenian question on the international agenda and to keep it there for as long as possible in order to incite the Christian Western world against Turkey and to invent an imaginary Armenian question by exaggerating the measures to be taken by Turkey against the Armenians.

This issue, rather than being of direct concern to the Armenians, is a plan linked to certain circles that want to use the Armenians. This plan, above all, would serve the motive of the Jews who want to weaken, divide and partition Turkey which is the greatest threat to the expansionist policy of Israel.

The backstage of Armenian terrorism is quite complicated. It is clear that the CIA and the KGB are behind these organizations. Of course, there are also other countries that are involved. Lebanon and the Greek sector of Cyprus are good shelters and bases for these organizations. Meanwhile, there is also a desire to get Muslim countries in the region also involved and to drive a wedge between Turkey and its neighboring Muslim countries. It is desired to make Turkey to take a stance against anti-Zionist movements by putting forth allegations of imaginary ties between Armenian terrorists and Palestinian forces fighting against Israel.

The last name on the stage is Mgrdich Shelefian, a former Democratic Party deputy in the National Assembly. This is a man who entered a business partnership with [former Prime Minister Suleyman] Demirel and who still continues to run some

aspects of this partnership. Also, he once was one of the biggest partners and a trustee of the daily TERCUMAN. Shelefian continues to maintain links with these circles.

Shelefian's business partners are generally liberal-capitalist individuals. In other words, they are rightists. Despite that, Shelefian also holds business partnerships with Bulgarians. He represents certain Bulgarian companies. There is a certain amount of confusion as in the case of Mehmet Ali Agca and Bekir Celenk. I remember that this paper [TERCUMAN], known for its anticomunism, organized an energy conference in the lobby of a luxury hotel, and soon after that we started buying electricity from Bulgaria. At that time, rumors began to go around about certain relations. Situations like that confuse one's mind. Are there other relations behind shiny words like country, nation, nationalism, rightism and Islam? A few days ago, an Istanbul daily published the dates and serial numbers of official documents pertaining to this issue.

I do not want to accuse anybody, but there is merit in looking into what lies behind certain business partners in order to find a sound solution to the Armenian problem. Armenian terrorists who are caught and arrested and those who escape are nothing but puppets, pawns and cardboard figures. The puppeteer remains backstage.

Israel is behind the Armenian disturbance. The United States is behind the Armenian disturbance. The Soviet Union is behind the Armenian disturbance. Our NATO allies are behind the Armenian disturbance. Some Warsaw Pact members are behind the Armenian disturbance... And the Armenians see the world of Islam and Turkey as their enemy. The policy to be implemented against the Armenians must be pursued in the light of these facts. Otherwise, imagined massacres and days of revenge are nothing but propaganda material. What the Armenians did to the innocent local populace could perhaps be given as an answer to allegations about an Armenian genocide.

9588
CSO: 3554/242

GREENLAND AFFAIRS MINISTER WARNS ON OIL PRICES

Godthaab GRØNLANDSPOSTEN in Danish 23 Mar 83 p 12

[Text] Greenland Affairs Minister Tom Høyem does not find that it would be reasonable to reduce oil prices in this country solely on account of declining prices in the world market.

In a reply to Preben Lange, member of the Folketing, Siumut ["Forward"], he points out that the economic situation is difficult for the country. He, moreover, writes that neither oil price trends nor wage trends may be predicted with certainty.

"Oil prices in Greenland are fixed by the Greenland Trade Department on the basis of the purchase prices of the Greenland Oil Corporation at Kangerluarsoruseq as well as the costs of distribution, operation of tank installations, administration, etc.," the minister goes on to say. The oil sold in Greenland today was thus purchased in 1982 at the world market prices prevailing at the time.

"The stockpiles of the Greenland Trade Department in Greenland will cover the consumption till the end of 1983. New supplies of oil for Greenland will not start arriving from the outside world until sometime in the course of May," the minister goes on to say.

"At that point, at the earliest, will the Greenland Trade Department be able to evaluate whether the purchase prices will warrant a price adjustment in the latter half of 1983."

The dollar rate, too, has a considerable influence on the prices for oil products. Moreover, the special oil quality which, on account of the low temperatures, is needed in Greenland is more costly to produce at refineries than the fuel oil used in Denmark.

"The fact that, among other things, in order to ensure supplies of oil for Greenland, the Greenland Trade Department has, so far, had stockpiles of oil for approximately 12 months' consumption, has, hitherto, had the effect that price increases in the world market have been reflected in Greenland at a much later date than in the rest of Denmark."

7762
CSO: 7613/96

OIL CONSUMPTION DROPPED, DESPITE RECORD-COLD WINTER

Godthaab GRØNLANDSPOSTEN in Danish 23 Mar 83 p 11

[Text] Everybody in Greenland, and not least the fuel department of the Greenland Trade Department in Copenhagen, had expected a major increase in the oil consumption in this country on account of the severe winter. These expectations, however, did not come true. On the contrary, in January and February of this year, the oil consumption actually dropped compared to January and February of 1982.

These circumstances, however, do not provide much consolation, seeing that it is the fishing fleet, which is frozen in, which accounts for the 'savings.'

Therefore, there is no doubt that the consumption of fuel oil has increased, while only very limited quantities of fuel have been sold to cutters and trawlers.

Decline of Turnover in Sisimiut

The turnover within Sisimiut reflects this fact. Sisimiut is the country's largest plant for bunkering, and, compared to normal sales, the sale of oil dropped in February by 2,000 cubic meters or approximately 60 percent.

"The 1,000 cubic meters sold in Sisimiut, undoubtedly, were used as fuel oil," the chief of the fuel office in Copenhagen of the Greenland Trade Department, Mogens Andersen, says.

"The bunkering of the fishing fleet, on the other hand, has been reduced to practically zero," he says.

Three Hundred Cubic Meters Less

On the total sales of oil from all of the tank installations of the Greenland Trade Department in this country, Mogens Andersen said that sales had dropped by 300 cubic meters.

In January and February of 1982, 23,800 cubic meters of oil were sold in Greenland. In the corresponding months this year, 23,500 cubic meters of oil were sold.

"In January, we had the theory that fear of price increases might result in the hoarding of oil, but not very many people have tank capacity for 2 whole months, and, therefore, this theory, probably, will prove to be incorrect," Mogens Andersen says.

"The very figures from Sisimiut seem to show quite clearly that it is the stagnating fishing industry which accounts for the decline in oil sales.

7262
CSO: 3613/96

WEST BERLIN TO GET NATURAL GAS FROM USSR

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Apr 83 p 4

[Article: "Berlin Changes Over to Siberian Gas; High Investment Costs/Deliveries till 2008 Agreed Upon"]

[Text] West Berlin, 1 April--Now that the state-owned combine Energy Network of the GDR and Ruhrgas AG have signed an agreement in principle concerning the transportation of natural gas from the Soviet Union through East German territory to West Berlin, the city has now been integrated in the German-Soviet gas business. In November 1981 the energy concern Ruhrgas AG, based in Essen, entered into an agreement with the Soviet foreign trade enterprise Soyuzgasexport relating to the delivery of natural gas from Siberia at no cost to Waidhaus on the West German-Czechoslovak frontier. The contract provides for the annual shipment of 10.5 billion cubic meters of Soviet gas beginning in 1984 for a period of 25 years. When concluding this agreement, Soyuzgasexport announced its willingness to provide West Berlin with as many as 700 million cubic meters of gas. Ruhrgas AG was to consult with East German authorities how the natural gas was to be moved from Czechoslovakia to West Berlin through the GDR. Soyuzgasexport promised only to transport the gas free of charge to the Czech-East German border.

The contract that Ruhrgas has now signed with the combine Energy Network provides for the construction of a 235-kilometer line from Deutschendorf at the East German and Czechoslovak frontier not far from the resort town of Seiffen in Erzgebirge district of Marienberg to the East German-West Berlin border near Grossziethen. The GDR combine is to be reimbursed by Ruhrgas for the construction costs, which will amount to DM230 million. In addition, there is to be an annual charge of about DM9 million for the movement of the gas through East Germany. In the West Berlin district of Buckow, Ruhrgas AG is to hand over the Soviet gas to the Berlin gas company (Gasag), which is building a receiving station there. The Berlin senate has meanwhile approved an agreement between the two companies to this effect. The transit line through the GDR is to be started in the spring of 1984. Gas shipments to Berlin are scheduled to be begun in October 1985, with the initial quantity to be 200 million cubic meters. This amount will then be increased to 650 million cubic meters annually, as agreed upon now. The contract allows West Berlin to reduce its purchases by up to 20 percent if demand should decline. On the other hand, if West Berlin's needs exceed 650 million cubic meters of gas, it will be possible

to move gas from West Germany to West Berlin. The pipeline to Berlin branches off the line to the Federal Republic in Prague. Like the German-Soviet agreement, this new one runs till 2008.

Until now, West Berlin has had no natural gas. It has produced its gas from light and heating oil. The senate decided to accept Siberian natural gas only after it became virtually certain that a large natural repository under the Grunewald could safely store up to a billion cubic meters of gas. Thus, even if Soviet deliveries should stop completely, the city would be assured of a gas supply for over a year. Buying Siberian natural gas requires the municipal gas utility to switch over to natural gas, which is going to make necessary investments of DM1.24 billion. The senate is negotiating with Bonn over the amount of federal aid, which has been promised in principle. The first shipments of gas in the fall of 1985 are going to serve to manufacture city gas. Only in 1988 are consumers to begin receiving natural gas. This changeover will take about 6 years. After West Berlin has switched to natural gas in the middle of the next decade, gas will comprise 20 to 27 percent of the energy consumed for heating purposes instead of the present figure of 10 percent.

9873
CSO: 3620/288

GOVERNMENT URGED TO MAKE CHOICES FOR POWER PRODUCTION

Helsinki HUFVUDSTADSBLADET in Swedish 10 Apr 83 p 2

[Editorial by Per-Erik Lonnfors: "The Crossroads of Energy Policy"]

[Text] The time is running out in which the decision about a major new power plant must be taken--as to whether a third nuclear power plant will remain as an alternative. Otherwise, according to studies which were undertaken, there will not be time to be complete it before it is needed in the beginning of the 1990's, writes Per-Erik Lonnfors in a review of the energy-political situation.

Three years have gone by since energy policy was discussed in detail in this column. At that time this paper focused a great deal of attention on it, for several reasons.

One of them is that in the spring of 1980 Sweden conducted an extensive debate about nuclear power which ended with a popular referendum, in which the opinion of the Swedish people was heard. As is well known, the majority of the Swedes took a favorable position, although the 38.5 percent who favored the rejection alternative were a considerable minority.

Three years ago the energy issue was of current importance here as well due to the proposal for new nuclear power legislation. It was to replace the outdated atomic energy law of 1957. The bill has taken its time, but now the intention is to submit the government's proposal for a total reform of the nuclear energy legislation as soon as possible, and no later than within this year.

The home stretch for the nuclear power law happens to coincide with the setting up, for other reasons, of new files labelled "energy policy" in various parts of society. The principal of these reasons is that the time is running out in which a decision must be made about a major new nuclear power plant--if a third nuclear plant is to be retained an alternative.

It takes at least 10 years to iron out a decision, to plan and to build a nuclear power plant. The period between definite decision and beginning of

operation is calculated at 7 years. This is according to the energy-political program which was adopted by the government on 24 February of this year.

The other major power plant alternative--more precisely condensed power, according to the terminology of the experts--is a power plant fueled by hard coal. It takes less time to realize, 4-5 years, according to calculations.

A substantial addition to the power plant capacity will be needed at the beginning of the 1990's at the earliest, according to the abovementioned energy-political program. However, for economic reasons it might be more advantageous to increase the capacity sooner. If nuclear power is to become an alternative, the decision must therefore be taken quite soon. A longer delay will simultaneously mean the elimination of this alternative.

However, the program's "analysis of the targets of our energy policy and the presentation of the various measures which are necessary in order to reach these goals" does not supply any precise guidelines for how our country is to get its energy in the future. It "indicates the direction which the energy-political efforts should take and the intensity of the measures, rather than unequivocal and definite goals."

One principle is determined by the administration's program, however: In comparing the various energy supply alternatives, the principal importance should be given to their economic advantages. Furthermore, the most economic alternative is the one to be realized. This profitability requirement can be avoided only if crisis preparedness necessitates a higher level of self-sufficiency.

If this principle is approved, energy policy will become even more important through another new factor in the issue, namely the proposal by the delegation on electricity supply for a basic electricity supply plan for the years 1983-1992. With the following words the delegation takes a clear-cut position in favor a nuclear power plant:

"Technical and economic comparisons between the condensation power alternatives show that the most favorable alternative for increasing capacity is nuclear power, independent of the power consumption growth rate."

As a result, a clear position has thus been taken on the issue, albeit in only a very small part of the decision-making process which must precede the major decision. This process will be determined in the new nuclear power law to be proposed this year. It is scarcely conceivable, however, that any other course of action could be chosen while waiting for this law.

According to the legislative proposal, it is ultimately Parliament which must make the decision about nuclear power. There are few experts on energy policy in the newly elected Parliament, to be sure, so the decision will not be made where the knowledge is most extensive. But what the democratically elected representatives are supposed to be experts on is whether or not the citizens want nuclear power. Furthermore, a parliamentary resolution will cause the

decision to be firmly anchored in society. In more elegant terms, it will have more democratic legitimacy than if the government were to make the decision.

The nuclear power question would actually, just as in Sweden, be a suitable object for the advisory referendum which has recently acquired current importance in our country. However, it was only recently that such a proposal was submitted to the Justice Ministry. It is unreasonable that such a major constitutional policy issue can be decided before the nuclear power decision must be taken, which is why a popular referendum can only be used by means of a special law.

In any event, before parliamentary consideration the government must, in accordance with the proposal for a nuclear power law, come to a decision in principle as to whether a nuclear power plant is justified in "the overall interest of society." This proposal should in turn be preceded by public discussion. In today's situation all the necessary ingredients for that are present.

The political parties should also be ripe for a debate on energy policy after the parliamentary election. The direction in which the parties are leaning is certainly known, but such a long time has passed since they took a clear position that the evaluations have been altered by new facts and circumstances. With 4 years to go until the next election, conditions should exist for the objective and extensive discussion which is needed.

The abovementioned is more or less a sketch of the preconditions for one of the country's most significant social decisions in the next few years. To this need only be added, that it is a decision which must be made with a considerable degree of uncertainty. Moreover, such a thing as an unequivocally favorable decision will not exist--all of the alternatives are burdened with some form of drawbacks.

One example of this uncertainty is the estimate of 3 percent average growth on which both the energy-political program and the proposal by the delegation on electricity supply are based. In view of the fact that short-term predictions for the economic development over the last few years were in the region of 1 to 2 percent, the flaws that might be inherent in longer-term guesses are obvious. It is even more difficult to evaluate future fuel prices in advance. They can be affected by entirely unpredictable political factors. Environmental risks and other risks not discussed here are connected with equally great uncertainty.

Previous predictions of the future need for energy and our investment decisions based on them are also filled with deterrent examples of serious mistakes. Energy policy is an area in which it is all too tempting to make careful calculations founded on totally unreliable basic information.

The energy-political decisions therefore promise to be just as fascinating intellectually as they are socially significant. Provided that the debate can be kept at an objective level.

11949
CSO: 3650/169

COUNTRY BUILDING LARGEST PEAT-FIRED DISTRICT HEATING PLANT

Helsinki UUSI SUOMI in Finnish 24 Mar 83 p 3

[Article: "Country's Largest Peat Powered Plant in Jyväskylä"]

[Text] Imatra Power is building a peat-fired district heating plant in Jyväskylä's Rauhalahti. The project valued at more than 400 million markkaa will be completed in the spring of 1986. When it is completed, the country's largest peat-powered plant will produce 120 megawatts of municipal heat for the city and 40 megawatts of steam for the Serlachius Paper Plant in Kankaa. In addition, 80 megawatts of electricity will be produced.

Coal as well as peat can be burned in the domestically manufactured boiler unit ordered from Tampella. The primary fuel used will be peat, of which it is estimated 1.5 million cubic meters will be consumed annually.

The State Fuel Center, Vapo, has offered to supply the peat and contract negotiations are presently being conducted with Imatra Power.

The Rauhalahti Plant will be representative of the so-called second generation of peat power plants. It will use peat containing approximately 15 percent water while present power plants use peat containing 50 percent water. The dry peat will be fed into the boiler unit in an unoxidized state in an inert gas so that there will be no danger of an explosion.

The recent explosion at the Savela Thermal Power Plant in Jyväskylä occurred at the forward end of the transporting of peat, for which a safer form of transporting has not yet been found. Consultations on the problems of peat usage have been conducted with the Fire Prevention League, among others. In addition, the safety risks related to peat are presently being studied in various quarters around the country.

An environmental impact statement on the Rauhalahti Plant will be presented to the provincial government in the spring of this year and water usage permit applications will also come up for consideration. In spite of electric filters, approximately 1 ton of dust and approximately 6 tons of sulphur dioxide will be emitted into the atmosphere daily from the 130-meter high chimneys.

10576
CSO: 3617/101

GAS CONTRACT TALKS WITH ALGERIA; DOMESTIC POSSIBILITIES

Madrid TIEMPO in Spanish 28 Mar-4 Apr 83 pp 46, 47

/Text/ Government Vice President Alfonso Guerra is currently attempting to renegotiate with Algeria the gas supply contract signed with Spain in 1975. Our country agreed to purchase 4.5 billion cubic meters. Besides, gas is also imported from Libya and, in short, we have a surplus of gas because the gas pipeline network does not have the necessary outlets to transport the product where it is needed.

Spain currently imports natural gas from Algeria and Libya. However, according to experts on the subject, following the discovery of deposits in Serrable (Pyrenees) and Bermeo (Vizcaya) that will go on stream in 1984 and 1986, respectively, Spain has enough natural gas to be self-sufficient until 1990 even if the current 3 percent domestic consumption of the total primary energy increases to the 8 percent anticipated for the early 1990's.

The trip of Alfonso Guerra therefore conforms to the Spanish administration's interest in renegotiating some import contracts that are extremely out of proportion with the national needs.

The history of the agreements with Algeria begins in 1972, precisely on 14 April, when ENAGAS and the Algerian enterprise SONATRACH sign a contract for the purchase of a yearly total of 13 billion therms of natural gas (10 therms are equivalent to 1 cubic meter) for a term of 18 years. Two years later, on 4 March 1974, another contract is signed between ENAGAS and SONATRACH for the purchase of 45 billion therms annually for a period of 20 years. This contract, added to the previous one, totaled up to 58 billion therms of natural gas imported annually from Algeria.

These contracts were negotiated when Claudio Boada, current president of the National Hydrocarbon Institute (INH), was president of the National Industry Institute (INI), a post that he vacated in January 1974 when he was replaced by Francisco Fernandez Ordonez, current president of the Banco Exterior of Spain. At the time, Miguel Boyer Salvador, the superminister of economy, finance and commerce, was the planning director of the INI, having been appointed by Claudio Boada and confirmed by Ordonez. The president of ENAGAS at the time of the signing of the contracts was Rafael del Pino--brother-in-law of Calvo Sotelo--who later on was the adviser of the INH.

New Contract

Subsequently, in August 1975, a new president of ENAGAS, Luis Valero Bermejo, signed another contract with SONATRACH which canceled and replaced the two preceding ones. This contract stipulates that Spain will purchase from Algeria 45 billion therms annually for the next 20 years.

The passage of time has made apparent the disproportion of the aforementioned contract, to which must be added besides those signed with Libya. Thus, in 1981, according to the data published in the ENAGAS report, the Spanish imports of natural gas were 22.155 billion therms, of which 13.279 billion came from Algeria and 8.876 billion from Libya.

The overexpansion of the contract stems from the fact that at the time of its signing, Spanish planning expected to develop the gas pipeline network in our country that has not materialized. In fact, there is a gas pipeline network in Spain, but it lacks the necessary outlets to transport the gas to the needed places. It is useless to have a gas pipeline extending over many kilometers if it does not have numerous branch lines that will take the gas close to the cities and industries.

Industry Minister Carlos Solchaga himself, much criticized by the gas sectors in the government and the party, seems to be aware of the difficulties of the development of gas. "The general policy of the utilization of gas," he said recently, "poses difficulties for the future. Spain still does not have an adequate supply of national gas; we are still dependent on foreign supplies and, in the final analysis, the current costs of importing a therm of gas are much higher than those originally estimated in the planning of the gas sector in Spain approximately 5 or 10 years ago."

And Solchaga himself, answering a series of questions in the Congress of Deputies, acknowledged the shortcomings of the Spanish network and spoke of the future. "The installation of distribution branch lines in the areas encompassed by the current gas pipeline will be speeded up," he said, "in order to provide an adequate supply to the preferred consumers of the areas in question. This gas policy, evolved from the need to make adequate use of the investigations performed to date, should not prevent, however, the renegotiation of new natural gas supply contracts that take into account the foreseeable conditions of the Spanish future demand as regards quantities and prices."

Scant Optimism

But Solchaga does not seem to be very optimistic about the future of gas. "The percentage that gas will represent," Solchaga said, "cannot be determined until the PEN [National Energy Plan] is completed, although it can be said beforehand that gloomy portents weigh, as it used to be said, over the development of this source of energy at this time."

These unfavorable comments and actions concerning the development of gas consumption have brought upon Solchaga, as well as upon Boyer, charges from certain sectors of the PSOE [Spanish Socialist Labor Party] that bring to mind some of the planks in the electoral program of the governing party. "The directives that set forth the energy policy of the PSOE," the program states, "are three: the first is economy and improvement in efficiency of energy consumption; the second is to favor coal and natural gas over nuclear energy; and the third is to prevent the current overequipment in electric power generation and in the plans to reconvert the refinery structure."

Uncertain Future

The future of gas development in our country and of placing ourselves at the level of European consumption basically depends on the revision of the PEN, which runs until 1990. The first draft of the plan advocated a notable reduction in the share of petroleum, which would go from 61.4 percent of consumption in 1981 to 45.2 percent in 1990. This decrease would be consequently compensated with a larger share of natural gas, which would go from 2.6 percent in 1981 to 6.1 percent in 1990; of nuclear-generated electricity, which would go from 3.4 percent to 15.1 percent; and of coal, which would go from 21.3 percent to 22.8 percent.

However, all future projects concerning energy supply can be radically modified in light of the drastic reduction in the prices of petroleum products, especially when some analysts are talking of new reductions to reach levels near \$20 a barrel. Nevertheless, gas experts consulted by this weekly insist that it would be a very serious matter if Spain forgets other alternative sources, such as gas, on account of the international events, because a petroleum crisis within a few years is not inviable, and at that time, they say, "we would have to be prepared."

Global Energy Consumption

	<u>World (1980)</u>	<u>EEC (1980)</u>	<u>Spain (1981)</u>
Petroleum	45%	53.8%	64.6%
Coal	28%	23.8%	22.5%
Natural gas	19%	18.2%	2.7%
Hydraulic energy	6%	1.6%	7.2%
Nuclear energy	2%	4.6%	3.0%
Source: ENAGAS			

Primary Energy in Spain (Consumption)

	<u>1980</u>	<u>%</u>	<u>1981</u>	<u>%</u>
Petroleum	50.1	67.6	47.2	64.6
Coal	14.0	18.9	16.5	22.5
Hydraulic	7.2	9.7	5.2	7.2
Nuclear	1.1	1.4	2.2	3.0
Natural gas	1.8	2.4	2.0	2.7
Total	74.2	100.0	73.1	100.0

Quantities expressed in millions of tons.

Source: ENAGAS

Spanish Gas Imports

	<u>1980</u>	<u>1981</u>
Algeria	11.8	13.279
Libya	7.191	8.876
Total	18.991	22.155

Quantities expressed in billions of therms.

(10 therms equal one cubic meter.)

8414

CSO: 3548/362

RESULTS OF EUROPEAN MONETARY SYSTEM VIEWED

West Berlin DIW WOCHENBERICHT in German 31 Mar 83 pp 171-177

[Text] On 21 March 1983, the countries¹ participating in the exchange-rate mechanism of the European Currency System (EWS) agreed on establishing new exchange rates--for the seventh time since the system was set up a good 4 years ago.² Four currencies were revalued, the greatest revaluation being the 5.5 percent for the German mark. Three currencies were devalued, including the relatively weak 2.5 percent for the French franc.

The action was preceded by difficult and dramatic talks--at times there was even talk of a withdrawal by France--the focus of which was again the relationship between the two prime currencies of the EWS, the French franc and the German mark. The differences mainly involved the question whether the French Government could be expected to devalue the national currency for the third time within a year and a half. As the French saw it, the stability policy of the FRG was alone responsible for the acute tensions in the currency markets. France therefore demanded that the realignment be limited to a clear revaluation of the German mark.

This view is obviously one-sided. It ignores the fact that the surplus in the German balance of payments with the French is by no means simply related to a trade deficit with the FRG. To be sure, the development of bilateral trade between the two countries has been especially unbalanced but French payment flows have also shown a strong debit trend in the world as a whole.

Not least among the reasons for the varied balance-of-payments trends may well be the relationship between the trends in prices and exchange rates in both countries. Beginning with a weak rate level in early 1978, for several years the franc experienced a real revaluation relative to its most important competitor, the German mark. And the devaluation in June of last year has not been fully able to compensate for this loss of price competitiveness. This compensation was reserved for the current realignment.

Without doubt, however, there are other reasons for the imbalance besides the price relationships, above all the downturn in the business cycle in 1981-1982. In particular, the measures in support of mass purchasing power after the inauguration of Mitterrand led to a strong income-related

increase in imports, whereas the level of exports was much smaller because of the weaker economic trend abroad, it was also being throttled by monetary and fiscal policy.

Despite Variations in Inflation and Business Cycle, Success in Coordinating Exchange Rate Policy

The EWS was set up in March 1979 with the express goal of better coordinating cyclical policy of the involved countries. A central expression of this will was the commitment of the countries involved in the exchange-rate mechanism of the EWS no longer to undertake autonomous rate changes.

This consultation requirement has definitely been observed. To be sure, Luxembourg felt that it was taken by surprise by the hurried devaluation of the Belgian franc in February 1982 and even threatened serious consequences for the continuation of the Belgian-Luxembourg currency union, but at the same time this was the occasion for institutional steps toward a more balanced power structure and a more intensive exchange of ideas between the Belgian and Luxembourg currency authorities.³ A repetition has thus become rather unlikely.

Beyond that, as a rule--like it or not--the economic commitments to act on reaching the "deviation threshold"⁴ were observed, most recently by the FRG in the form of the clear lowering of the discount rate on 17 March 1983, which was also supported within the EWS by a parallel step of the Dutch Central Bank. There had already been a largescale "realignment of interest rates" in the spring of 1982. At that time, a new adjustment in exchange rates in the EWS, especially a devaluation of the French franc, was postponed until early summer.

In fact, it is thanks to measures of this sort--along with a willingness for massive intervention, which can be supported by and in principle unlimited "very short-term financing" as well as an extensive support system--that the changes in exchange rates within the EWS have been comparatively slight in a time of hectic rate swings relative to the U.S. dollar. That is particularly true for the years with large deficits in the balance of payments of the FRG, when the mere existence of the EWS strongly stabilized the expectations for the German mark, so that a devaluation was avoided in accordance with the priority of the Federal Bank and independent of the question whether this was opportune in view of the business cycle. To be sure, there was no coordinated intervention policy relative to the U.S. dollar--of course the U.S. authorities were also not interested in joint action to maintain the exchange rate.

All in all, then, the EWS "convergence balance" in regard to a rate-related coordination of national measures is quite positive. This interpretation of convergence, however, does not go far enough. What is needed, if the system is to be permanently functional and if there is to be a gradual decline in the frequency of realignments, is the mutual approximation of economic-policy priorities.

Indeed, among experts the opinion has often been expressed recently that in this sense of content as well, the EWS has provided tangible impulses for a convergence in the economic policy of the countries involved. Above all, the reason for that was the greater orientation toward stability--with varying degrees of success--in monetary and fiscal policy that has been observed for several years in all EWS countries.

Pressure on Convergence in Contents is Primarily From Outside

Nevertheless, the correctness of this thesis must be doubted. Seen in the proper light, these inherently indisputable trends are caused outside the system and in part are rooted in the time before its establishment.

Following the first oil crisis, the rigorous restrictive policies in almost all Western industrial countries led to definite growth weakness, without having any initial success in bringing down the inflation rate. On the contrary, on a wide international front inflation was especially high into 1975. As a result of the price increases for oil, there was also--here the FRG is the exception--a sustained worsening in the balances of payments, which in many "problem countries" brought with it a real currency devaluation and thus the importation of additional price rises. This was particularly pronounced in Great Britain and Italy in 1976 and in France in 1977. Above all, in Great Britain and Italy there was again in 1977 the unfortunate combination of strong inflation and weak growth. The in those years so frequently occurring phenomenon of "stagflation" led to the new philosophy that lax monetary policy had played out its role as the motor for real growth. On the contrary, the exact opposite was now postulated, namely, that to regain higher growth there must first be success in fighting the inflation mentality. This approach became prevalent almost everywhere toward the end of the 1970's.

Accompanying the increase in the balance of payments deficits were the increased deficits in the public budgets--the result of recession-induced decline in tax receipts along with a strong rise in payments to the unemployed. Although it is the wrong idea in a situation of little willingness on the part of enterprises to borrow and invest, the growing state debt soon gained the reputation of driving up interest rates and raising inflationary expectations. Therefore, the new slogan was consolidation by cutting expenditures; the latitude for an expansive fiscal policy was narrowed politically. This rethinking process was strongly supported by the inflationary push from the second oil-price shock, which was even more drastic than the first, as well as the election victory of the conservatives in Great Britain and in the United States--for many other industrial countries a clear signal with respect to fighting inflation. At the same time, however, the trend in oil prices and the increasing joblessness made it very difficult for fiscal policy makers actually to curb the rise in expenditures. Not until 1982 was this widely successful. Prior to that, expenditures rose even more rapidly in most EWS countries.

By no means, then, was it the constraints of the EWS that were the primary reason for the involved countries, with the exception of France in the first year of Mitterrand's presidency, to go over to a stricter monetary and fiscal policy. On the contrary, they were induced to do that through external shocks to which they were all subject, through purported models outside of the EWS area and through EWS-independent constrictions in the internal latitude for action. This parallelism between the EWS area and the other Western industrial countries is, among other things, clearly discernible in the fact that from 1979 to 1980 the spread in the expansion in the money supply, measured by the variation coefficient, declined not only within the EWS: If one includes other important European and non-European countries, then the degree of convergence in monetary policy is even more pronounced. The same thing is true for the trend from 1981 to 1982, following a more varied expansion in the money supply from 1980 to 1981 both inside and outside the EWS. The considerable independence of the international convergence process from the EWS in monetary policy naturally does not preclude individual governments, as in the cases of France and Belgium, from referring to EWS constraints when taking unpopular measures.

In fiscal policy, on the other hand, a common course of consolidation remained pure wishful thinking for years: With the acceleration in the average increase in expenditures in the EWS area, the spread even grew. Not until 1982 did this process in part seem to reverse itself. Outside of the EWS area--to the extent that the available data show this--the changing trend began a year earlier in many cases.

What Sort of Convergence?

But independent of the causes for the observed convergence in monetary and fiscal policy, the question remains whether this is the sort of convergence that the community has needed. For almost 3 years, the social product in Europe has been stagnant and unemployment, especially among youth, is increasing drastically. In this situation, the taking of an internationally coordinated growth initiative would have been the thing to do, at least in those countries of the community with relatively few problems in their foreign-economic situation--many third countries in doubt would have joined them. Such an initiative would have prevented individual national initiatives as in the case of France from fizzling out in a simple increase in imports. As far as that goes, the French complaints about the economic wait-and-see attitude in the FRG heard since 1981 seem quite understandable. But in fact one was and is far from a common initiative. So far, the member states have announced specific steps for solving only a single, although serious area in the problem of promoting employment--combatting youth unemployment. But this "5-year-plan" for providing large numbers of training positions or for arranging opportunities to obtain at least the first 2 years of occupational experience has--again almost with the single exception of France--so far also remained informal lip service of the European Council or the EEC Council of Ministers.⁵ It would at least have been appropriate for the EWS not to wait for the change in the U.S. interest-rate

policy, which had been delayed all too long, and to take the timely initiative to lower interest rates in Europe. In accordance with the foreign-economic situation, the drop in interest rates would have had to be dosed out stronger for one country, weaker for another. In this way, the burden of adjustment in the form of falling exchange rates could have been distributed over a larger group of countries and made bearable for the individual EWS country. Instead, in the spring of 1982, it came to the mentioned "concerted action," which, in the interest of supporting the EWS-internal exchange-rate structure, did, to be sure, bring a lowering in the interest rate for some countries but for the others it meant higher interest rates. In France in particular, this rise in interest rates worked completely against the newly formulated goals of economic policy.

To be sure, it was not just in that situation that one got the impression that it continues to be a matter of prestige for the French Government to defend the exchange rate of the franc in the EWS, even if all economic considerations speak against it. To the degree that France's partners in the EWS are not prepared to go along with an expansive economic policy, the French Government is establishing completely different defense lines in foreign-economic policy: In the framework of contracts with 14 industrial branches, it is pushing for the "recapturing of the French domestic market,"⁶ to an increasing degree it is hindering third-country imports and it is seeking to bring the EEC partners around to more of a protectionist position relative to third countries,⁷ while at the same time it is holding out the prospect of more liberality in EEC home trade. Not least the fear of additional foreign-economic burdens may also be behind the successful French efforts to delay the expansion of the community to include Spain and Portugal. For some time, measures have also been considered to limit further the traffic in money and capital with foreign countries, traffic which in any case is already subject to relatively restrictive regulation.⁸ To go along with the devaluation, currency restrictions have now been decided for travelers.

What Can the EWS Still Do?

If there were no EWS, then changes in exchange rates would be nothing sensational. By that we do not mean that the EWS should be abolished but that it should be managed in a routine way. On the one hand, the system seems quite able to stabilize expectations in the short to middle term: If in the years 1976 and 1977 there had already been a EWS with its strong intervention and support system, then at that time it would not have had to come to the excessive exchange-rate reactions for the lira and the French franc. The same thing would be true in the case of Great Britain's membership with respect to the extreme weakness of the pound in 1976 as well as its later excessive strength. In this respect, the result of a temporary withdrawal from the EWS, threatened by the French economic and finance minister during the most recent talks, would probably--as in 1976--be exactly what France would most like to avoid: an undue general devaluation of the franc.

The EWS can likewise provide an efficient framework for negotiations with the U.S. and Japanese currency authorities on a trilateral control of exchange rates, after the American administration has begun to see the hectic movements in the value of the dollar as a factor of worldwide economic instability. In this respect as well, France could have maneuvered itself a corner, for because of its role as an alternative reserve currency, the German mark would stand as a "natural" counterpole in the framework of such negotiations.

On the other hand, the EWS cannot and should not be a corset for using monetary policy to disregard differences in the rate of inflation as well as structural inequalities in the foreign-economic balances. In eliminating these differences, it is a matter of sharing the burden, but this must occur in a balanced manner. According to this criterion, one must expect a larger devaluation for the franc.

Finally, the system should allow for a reestablishment of priorities. At the moment, the unilateral orientation is stability. To be sure, this corresponds to the basic idea of the EWS initiators but in the meantime the economic conflict has changed drastically. The coordination of economic policy should consider itself not only obligated to internal and external currency stability but must also take a special stand against the urgent problem of unemployment. If the EWS were to show flexibility in this sense, then it would still provide a good framework for the efforts of the member states to attain properly understood convergence. Of course, this should not be at the expense of the movement of capital and that which was achieved with the establishment of the Common Market, and not at the expense of the liberality in trade with third countries either, which in spirit was likewise established in the EEC agreement and has been practiced for almost two decades.

As long as there are still such large differences in the question of the economic priorities or at least in the evaluation of the suitability of central economic instruments in regard to common priorities, as became evident in the last 2 years between France on the one hand and the majority of the EWS countries on the other, then the EWS can only survive by soberly clearing up the accumulated distortions in exchange rates. Its stabilizing function would thereby be limited to short-term movements in exchange rates. Of course, that would nullify the hopes that in the foreseeable future there could be second expanded phases of the system, in which the European fund for monetary cooperation would exercise the functions of a true agency for monetary intervention at the European level. Even in "happier EWS times," all attempts at steps in this direction⁹ failed, not least because of the opposition of the German Federal Bank.¹⁰ Examples are the making the national swap agreement relative to the U.S. Federal Reserve System multilateral, the obligation to accept unlimited ECU's (as opposed to a maximum of 50 percent now) through the creditor central banks when adjusting balances in the very short-term financing of the exchange rate mechanism¹¹ or the automatic provision of community currency in the case of "intramarginal" intervention,

that is, prior to reaching the intervention point. But it probably took the threatened breaking off of the latest negotiations to make it clear to all observers that a further institutional development without an economic foundation would carry with it the seed of self-destruction.

FOOTNOTES

1. Participating in the EWS are the EEC countries with the exception of Greece. Great Britain (still) does not take part in the exchange-rate mechanism.
2. In the course of the previous six corrections to the rate structure, the German mark was revalued three times and the Dutch gulden twice. Devalued were the Danish crown and the lira, three times each; the French franc twice; and the Belgian-Luxembourg once, although that was by the largest amount so far--8.5 percent.
3. Compare VWD-Europe, notice from 22 February 1982, p A/II/2 and following page.
4. 75 percent of the maximum-allowed deviation of the daily ECU value of a participating currency from its ECU rate. The maximum-allowed deviation is reached when the market value of the currency has departed 2.25 percent up or down from the bilateral rates of all other EWS currencies. Compare statistical supplements to the monthly reports of the German Federal Bank, series 5, the world currencies, notes on table 13.
5. EEC Bulletin, No 3/1982, subparagraph 1.3.5, as well as No 11/1982, subparagraph 1.2.6.
6. Compare, for instance, "France's Offensive Plans for the Domestic Market" in NEUE ZUERCHER ZEITUNG, 9 February 1982.
7. Rainer and Hellmann, "The European Community and the New French Economic Policy--How Much Change Can the Member States Demand of the Community?" In EUROPA-ARCHIV, No 18/1982, p 542 and following page.
8. This is especially true for bank credits in domestic currency when they are not supplier credits and do not serve to allow foreigners to purchase residential property in France, as well as for nonbank credit in domestic or foreign currency that is not connected with a direct investment. Compare "OECD, Controls on International Capital Movements--The Experience with Controls on International Financial Credits, Loans and Deposits," Paris 1982, p 71 and following page.
9. Compare "EEC Commission, Executive Board for Economics and Finances, Documentation on the European Currency System, Chapter Six, Commission Proposals for the Noninstitutional Expansion of the EWS" in EUROPÄISCHE WIRTSCHAFT, No 12/1982, p 54 and following pages.

10. Compare, for instance "1981 Annual Report of the German Federal Bank," p 83 and following page.
11. Article 18 in conjunction with Article 16 of the agreement between the central banks of the EEC member states on the way of operation of the European currency system from 13 March 1979.

9746
CSO: 3620/306

STATE BUDGET DEFICIT LESS THAN PREDICTED SO FAR IN 1983

Copenhagen BERLINGSKE TIDENDE in Danish 27 Apr 83 p 26

[Article by Michael Ehrenreich: "National Deficit Lower Than Expected"]

[Text] In 1983 the state is getting more income from withholding taxes and less expenses for subsistence allowances and social pensions than was expected. Therefore the budget deficit appears to be a little lower than expected at the time of the budget bill last December.

For the year 1983 the Budget Department expects to have a deficit in the operating, installation and lending budget of 64.4 billion kroner, or 12.6 percent of the GNP, compared with a deficit of 68.9 billion kroner in the December estimate, according to a review which Minister of Finance Henning Christophersen sent to the finance section of the Folketing.

The government's recommendation for tax reductions of 2.35 billion kroner is included in the figures. The same applies to the expenditure of 500 million kroner for agricultural settlements, which was initiated immediately after the passage of the budget bill.

The significant decline in interest rates now appears to improve the state budget by 500 million kroner in 1983. The effect of the state expenses in payment of interest on the national debt will, however, first be felt next year.

In spite of the new and more optimistic judgment of state finances for 1983, the deficit will be fully 10 billion kroner higher in 1983 than last year.

The review by the Budget Department notes that the decline in oil prices is now being felt on the domestic price level, and thereby in real incomes and consumption.

"The current oil price decline will increase the likelihood of a business recovery, especially in the industrial countries, and there are therefore prospects that the effects on the Danish economy will be positive during 1983," said the review.

9287

CSO: 3613/105

BRIEFS

FEWER BUSINESS BANKRUPTCIES--The number of bankruptcies in the construction and investment sector is falling. The newspaper LICITATIONEN reports that the number of bankruptcies for the month of March was 35. That is about half of the reported bankruptcies in March of last year. Reports indicate that in the first quarter there were 115 bankruptcies, compared with 171 in the same period last year. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Apr 83 p 26] 9287

ORDERS TO INDUSTRY INCREASE--According to new figures from Danish Statistics published today, the Danish steel industry sees brighter times ahead. The Steel Employers Federation has already worked with the figures, and found that a clear majority of the firms expect profits in the second quarter of this year. At the same time they expect that the number of orders will greatly increase. That is significant, since the number of orders has remained constant during the last five quarters. Employment has fallen during the past three quarters, but improvement is also expected in this area. The firms predict unchanged employment during the next 3 months, and that is a very positive sign, according to Director Sven F. Thomsen of the Steel Employers Federation. Finally most leaders in the steel industry believe that their export positions are returning to normal. In the last four quarters orders for export have been below normal. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Apr 83 p 3] 9287

CSO: 3613/105

PLANS TO PROMOTE REGIONAL ECONOMIC STRUCTURES

Bonn DIE WELT in German 14 Apr 83 p 28

[Article by Erwin Walther: "Promotion Regions Must Continue Until the Steel Industry is Rehabilitated"]

[Text] The 12th basic plan of the community task "Improvement of the Regional Economic Structure" has set ambitious goals for itself. But the success of the last plan, with 39,200 projects and an investment volume of over DM 100 billion, justifies the effort. And yet, the EC demands a reduction, and in this country, also, there are voices claiming that, with a liberal economic policy and less government bureaucracy, good results could also be achieved.

Some 249,500 new jobs are to be created by 1987. About 218,300 existing jobs are to be protected during the coming 4 years. A commercial investment volume of DM 57.7 billion in all is to be promoted.

These are the goals as defined in the 12th basic plan of the community task "Improvement of the Regional Economic Structures" for the period of 1983 to 1987. The Federal and State Planning Commission unanimously adopted this 12th basic plan, in which enlargement of the economic infrastructure is also to be supported with an investment total of DM 2 billion.

The federal government stated that there are no fundamental changes in the promotion rules of this basic plan. Thus, both enlargement investment as well as formation investment will be promoted. And investment incentives for the establishment of independent livelihoods and for modernization of tourist trade enterprises are to be strengthened.

The region of promotion with its 18 regional action programs, already established in 1981, will remain unchanged until the conclusion of the proceedings by the European Community. The EC Commission had questioned in the 10th and 11th basic plans whether promotion in 15 labor market regions was justified at all, or to the extent stipulated. The Planning Commission then authorized the Federal Ministry for Economic Affairs to negotiate a compromise in Brussels--on the premise that the area of promotion, after the new demarcation of 1981, is yet to be reduced once again. However, the

Planning Commission maintains its basic reservation vis-a-vis the attitude of the EC Commission, as was further stated by the federal government.

A further modification of the basic plan of the community task with regard to the steel site program, as decided in 1982, was postponed. A reexamination is to take place only when the regional effects of the restructuring of the German steel industry can be seen.

For the next 4 years, the goals of the 18 regional programs were also reassessed. In Schleswig, 5,500 new jobs are to be created, 3,750 are to be protected, and an investment of DM 1.2 billion is to be promoted in the commercial economy. In Holstein-Unterelbe, it is to be 22,500 and 20,750 respectively, and DM 5 billion. At the North Sea region of Lower Saxony, 14,500 and 4,200 respectively, and DM 3 billion. In the area of Ems-Mittelweser, 10,000 and 7,500 respectively, and DM 2.1 billion. In Heide-Elbufer, 10,000 and 9,000 respectively, and DM 2.1 billion. Lower Saxony Bergland 28,000 and 54,000, and DM 6.7 billion. Northern Ruhr region--Lower Rhine-Westmuensterland 27,500 and 14,000, and DM 5.7 billion. Nordeifel-Moenchengladbach-Heinsberg 13,500 and 6,000, and DM 3 billion. Soest-Brilon-Hoexter 4,000 and 1,500, and DM 1 billion. Hesse promotion district, 20,000 and 30,000 respectively, and DM 5.2 billion. Central Rhine-Lahn-Sieg 10,000 and 4,500, and DM 2.2 billion. Eifel-Hunsrueck 8,000 and 4,000, and DM 1.8 billion. Saarland-Western Palatinate 29,000 and 12,000, and DM 5.5 billion. Neckar-Odenwald 3,000 and 1,000, and DM 0.6 billion. North Bavarian promotion region 14,700 and 19,900, and DM 4.4 billion. West Bavarian promotion region 5,800 and 1,800, and DM 1.5 billion. East Bavarian promotion region 3,900 new jobs, 2,000 protected jobs, and DM 1.1 billion promoted investment volume.

In the last, or 11th, basic plan of the community task "Improvement of the Regional Economic Structure," which covered the period of 1982 to 1986, a total of 170,200 new jobs and the protection of 214,300 existing jobs were scheduled. The promotion total amounted to approximately DM 11 billion annually, thus a total of DM 44 billion for the 4 years. About DM 1.4 billion were planned for infrastructural measures.

For the period of 1972 to 1981, the last published balance of achievements showed the following:

--39,200 projects with an investment volume of over DM 100 billion had been promoted. According to data provided by the supported enterprises, 720,000 new jobs were created and more than 1 million existing ones were protected.

--Ten percent of the investment volume concerned projects below DM 1 million, easily two-thirds of all cases; 91 promotions were above the DM 100 million mark.

--Within the branches of industry, steel, mechanical engineering, and the automotive industry dominated with 22 percent, ahead of the chemical industry and petrochemical processing with 14 percent. These were followed by iron and non-ferrous metal production, foundries and steel production with 9 percent. 8.5 percent went to the electronic industry, precision instruments and optical industry, and 8 percent went to restaurants and the hotel trade.

--6,000 projects were promoted in the economy-related infrastructure with an investment total of about DM 7.3 billion. Approximately DM 3.4 billion of this amount came from the budget of the community task. About 40 percent of the promoted investment volume went to the zone border area.

As to the latest figures on government promotion for the improvement of the regional economic structure, so far--but also so good? Or, to put it differently: Are the billions which the government pours into economic promotion year after year in any tolerable ratio to the results? It is undisputed that economic promotion of this kind is not a panacea for business slumps.

Regional associations for economic promotion therefore see themselves mostly as covering the flanks of federal and state economic policies. The Schleswig-Holstein association for economic promotion defines its goals as follows: "It is our continuous task to turn contacts--with enterprises willing to invest--into concrete intentions and thus into job-creating investment for the state of Schleswig-Holstein." At times, the battle over investors is bitter, there are even cases where it loses all proportions.

The German Association of Chambers of Commerce (DIHT) demands in a study that regional policies must in future be better oriented toward individual production structures and development possibilities of individual districts. The expert opinion--under the direction of Cologne financial expert Professor Karl-Heinrich Hansmeyer 164 labor market regions were examined--also states that "not only the problems of underdeveloped regions must be given consideration, but also the disadvantages of weak vs. strongly structured areas of urban concentration."

And Dr Gerhard Goette, one of the two spokesmen for the board of the Credit Institute for Reconstruction in Frankfurt, posed the question last year in an anniversary speech at the State Credit Bank in Kassel: "Do we in the Federal Republic really need such an expanded regional promotion program when, on the whole, we are fortunately to have, a not very centralized economic structure?"

Goette comes to the conclusion that the ideal world, in which there is no need for structural policies, does not exist, and formulates a few wishes with regard to economic promotion: Often, structural policies are too short-term and contain such a profusion of measures that hardly anyone can find his way through them. What is needed is investment that creates high-quality jobs. Economic assistance must be less involved and more easily understandable.

9917
CSO: 3620/312

RATES FOR HERMES EXPORT INSURANCE TO RISE

Hamburg DER SPIEGEL in German 2 May 83 pp 68-70

[Article: "In a Fix--Bonn Has To Grant Billions to Hermes Export Insurance, and There Is To Be a Rise in Rates"]

[Text] For a long time the central bankers in Nigeria in West Africa were counted among the richest on the black continent, but since their oil is not in such demand any longer they too are short of dollars, marks and pounds.

With great ingenuity the bankers in the Nigerian capital, Lagos, are therefore trying to delay payments to their suppliers. As far as the Germans are concerned, it looks something like this:

German exporters learned from the Nigerian capital that the central bank could transfer funds to the Federal Republic only if they came up with shipping documents for the goods supplied by them ex post facto. The requisite forms, the shrewd embassy said, were already being printed.

Only after strong protests by the German Government did the Nigerians desist again from their devious ways, but funds continue to arrive quite sparsely from Lagos.

The West Africans' inability to pay is having dire consequences for the state export insurance which is attended to by Hermes Credit Insurance on behalf of the Federal Government. Through this insurance FRG companies at comparatively low fees can insure themselves against the possibility of their not getting any money for their deliveries abroad.

This year already applications for insurance payments worth DM350 million have been submitted because of overdue transfers from Lagos.

Other countries are also behind in their payments, and this is becoming expensive for Bonn. Finance Minister Gerhard Stoltenberg had to include about DM1 billion for losses emanating from Hermes Insurance in the 1983 Federal budget, and for the next few years he included annual losses of DM1 billion as well.

By 1984 at the latest, Stoltenberg will not be able to make do with that amount. For losses in Poland and Brazil alone, Bonn experts estimate insurance losses amounting to an additional billion.

The people in Bonn at first reacted harshly to the losses, blocking government guarantees for deals with Mexico, Argentina, Nigeria, Poland and Romania and, in addition, limiting the amounts of their guarantees in cases of contracts with such countries as Brazil, India and Egypt.

The fact that they too are thus being punished for the mismanagement in the countries of their customers is not at all to the liking of the German managers. In times of recession all opportunities for export have to be taken advantage of--even those entailing great risk--warned Rolf Rodenstock, president of the Federation of German Industries (BDI), in a letter to Stoltenberg and Economics Minister Otto Graf Lambsdorff.

"It is reasonable for the Federal Government to assume additional guarantee risks in order to insure jobs," the top representative of industry stated.

The BDI president immediately received the support of Economics Minister Lambsdorff. The minister stated: "If we call on German industry to invest more at home and to run greater risks, the Federal Government too must assume greater guarantee risks in export deals."

Thereupon the Federal cabinet decided in early February to make guarantee policy "more flexible" in order to "insure jobs at home." It stated that one would have to see to it that "the purchasing countries maintain their ability to pay and to produce."

Stoltenberg agreed to this because in the final analysis an export stop would violate his own interests, for if Bonn restricts government guarantees too much even less money will be coming in from the financially weak countries. The developing countries can pay their debts only if the industrialized countries supply them at least with enough preliminary materials or spares.

Since then deals with Mexico in the Federal Republic have again been officially guaranteed up to DM8 million per deal. And Hermes also insured other risky deliveries, such as the supply of steelworks to India and of Airbus planes to Egypt--both countries that are chronically short of funds. Even for deals with Nigeria, government guarantees were again available to a limited degree.

"Surely this is cheaper than for Nuernberg to pay billions to unemployed," says Justus Fuerstenau, executive manager of the Association of German Machine and Installation Construction (VDMA), in justification of the more generous guarantee policy.

Stoltenberg, however, no longer wants to bear the increasing guarantee risks alone. He is rightly afraid that the commercial banks which have already lost a lot of money in the Eastern bloc and South America will hardly be able to grant export credits for dubious purchasing countries without Bonn

reinsurance--in other words, that even more Hermes contracts will be applied for in the future.

Already in 1982 Hermes had insured deals to the tune of DM150.6 billion. Last year fees amounted to DM607 million, while indemnification ran into DM930 million.

The only reason why the Hermes managers still were able to attain a small plus was that unexpectedly far more than DM200 million were returned to Hermes as a result of a settlement in Iran concerning the incompletely Bushir nuclear power plant.

In order at least to spread the risks better, Stoltenberg would now like to raise Hermes fees by 30 to 50 percent. Depending on the type and extent of their concluded deals, exporters have been paying between 2.5 and 3.5 percent of the worth of their orders in insurance fees.

Lambsdorff considers it "logical and necessary" to raise the payments of industry "to a certain extent" but, in concert with the industry lobby, is making a case for not taking such radical action as planned by Stoltenberg.

The finance minister is determined to remain tough. "Without a 'solidarity contribution by industry'," he argues, it is impossible to keep to the "more flexible guarantee policy." Stoltenberg says: "In the long run we will be unable to make the taxpayer alone pay for such deficits of billions of marks."

8790
CSO: 3620/323

RESEARCH INSTITUTE SEES INFLATION CONTINUING AT SAME RATE

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 83 p 29

[Article: "Pellervo Institute Believes Inflation Will Remain at 7--8 Percent"]

[Text] It will be possible to keep inflation under 10 percent this year, predicts the Pellervo Economic Research Institute, PTT, which is supported by the Pellervo Society and the MTK [Agricultural Producers Association].

The PTT's inflation prediction is definitely the lowest of all the published predictions. In the opinion of the PTT, for example, the 10-percent increase in consumer prices predicted by the Finance Ministry in February is too high; it does not take into consideration that imbalanced situation in which the economy was before the devaluation in the fall.

In the opinion of the PTT the experiences from the years 1977--78 support this conclusion. At that time inflation dropped to a 7-percent level from the highest figures in many years in spite of devaluation. This same goal should be established this year, states the PTT.

Exports Will Increase Slightly

In the opinion of the institute the wavering competitive ability will reduce Finland's chances to be included in the international economic upswing now beginning, but it is estimated that exports to the West will increase 6 percent this year in spite of this.

The need to reduce exports in Soviet trade in order to reduce the clearing-account surplus will continue, which will be reinforced by the drop in the price of oil in recent months. The institute estimates that the main emphasis will transferred to the year 1984.

PTT estimates that the amount of total exports will increase approximately 3 percent.

A drop of 1 percent is predicted in the amount of imports. Thus the gross national product would increase 2 percent.

The increase in the level of unemployment in the latter half of last year was surprisingly slow taking into consideration the economic situation according to the PTT. Contrary to the previous recession the demand for labor has this time remained strong. The institute predicted that the average unemployment rate will, however, increase slightly even this year.

PTT estimates that Finland's economic upswing will remain weaker than the upswing in 1979--80. In addition to a weak competitive ability, the upswing will be restrained by the fact that exports to the Soviet Union will decrease 6--8 percent this year and a full 15-20 percent next year according to present prospects.

The growth rate of total production may reach 3 percent in 1984, clearly less than the growth figures for the previous upswing (6--7 percent).

According to the PTT, the primary economic policy question is how long will it be expedient to continue an economic policy accelerating the growth of production.

In the opinion of the PTT restraining inflation and slowing down the state's indebtedness would presuppose a monetary and financial policy that would slow down the growth of total demand as we move into an economic upswing in 1983. Otherwise, economic imbalances will worsen and will result in very serious difficulties in the next economic downturn, estimated the PTT.

10576
CSO: 3617/105

STUDY ON POSSIBLE CAUSES FOR DECLINE IN EXPORTS

ENEA Economic Reports

Milan MONDO ECONOMICO in Italian 19 Jan 83 p 53

[Article: "Knowledge for Competition"]

[Text] The ENEA [National Committee for Research and Development of Nuclear Energy and Alternative Energy Sources] (formerly the CNEN [National Nuclear Energy Commission]) is an energy agency responsible for supporting research for technological innovation. As such, it is interested in improving its information concerning the conditions, connections and prospects of Italy's technological competitiveness in the context of the energy crisis. At the urging of then Chairman Umberto Colombo and following a series of preliminary estimates and studies of the literature in 1981, a study group based at the Milan Social Research Institute was formed in January 1982. The group has a 2-year agenda that covers various complementary phases. The final report, which is intended for publication, will be submitted at the end of 1983.

A first "interim report" was sent to the ENEA a few days ago. It contains: (a) an analysis of energy consumption per unit product in the 1970's with data for Italy and some international comparisons (industrial and input-output matrix data); (b) a survey of the most recent interpretations in the theories of innovation, multinational business and international trade as a cognitive basis for macro- and microeconomic quantitative analysis; (c) an initial econometric analysis of Italian industrial structure in light of Italy's relative advantages in the 1970's; (d) an analysis of about 120 manufacturing sectors in Italy that are disparate in terms of specialization, competitiveness and main competitors (even incipient ones) on the principal and world markets in the 1970's; (e) an initial analysis of the results of a questionnaire survey taken in interviews with officials in charge of research and export policy in various companies and with some foreign experts. The survey dealt with the connections between technological content (type, intensity, causes) and competitiveness factors of specific products characterized by a medium-high rate of innovation, and options in a broad range of manufacturing industries (weighted according to points given by the interviewee). In this dossier, some indications were given pertaining to phases (c) (d) and (e) of research.

Recession, Inflation vs. Exports

Milan MONDO ECONOMICO in Italian 19 Jan 83 pp 46-50

[Article by Fabrizio Onida: "All the Paths of Competition"]

[Excerpts] The international economic recession and continued high domestic inflation have caused a net drop in Italian exports in recent months. Is it only a transitory decline or the beginning of a crisis for "made in Italy"? The following is an answer supported by an investigation into the field overseen by the ENEA and the IRS [expansion unknown].

The trade balance has continued to confirm in recent months Italy's vocation as an exporting country of consumer and mechanical goods in keeping with its most deeply rooted industrial tradition. In the first 11 months of 1982, the surplus in the textile-clothing-footwear sector alone touched 11 trillion lire or 40 percent of the entire energy deficit. Despite the growing deficit in sectors connected with electronics, the earnings in machinery were not much less. Looking back over the 4-year period of 1978-81, these two large groups have increased their contribution to the manufacturing surplus by about 2.4 times over the preceding 4-year period. The energy deficit increased in about the same proportion.

Also in 1978-81, all energy and food debits came to 107 trillion lire, 70 percent of which was covered by the surplus generated in the aforementioned sectors plus construction materials (ceramics, glass, etc.), furniture and various items. But there were some decreases from the previous 4-year period: the surplus in transportation items went down; the deficit in metalworking tended to grow, and chemicals showed a sharp increase in the deficit (see table).

The changing structure of Italy's exchange rate with the main industrialized countries in the 1970's shows some peculiarities that are quite well known. However, the implications for the future are not at all clear. Is it reasonable to extrapolate this model for the coming years? Are Italy's competitiveness trends such as to make possible an adjustment of foreign accounts or will the country remain a prisoner of serious external obstacles to its own development? Will Italy's model of specialization regress so as to resemble that of the Asian and American developing countries, and will it be increasingly marginalized by the technological challenge of the more advanced countries? Is it possible to change the model quickly?

Almost none of these questions can be answered at this point both seriously and completely positively or negatively. The cause and effect relationships are multi-directional, and there are many choices open. Attempts at answers may be found in the ENEA-IRS survey in progress on "Technological Innovation and Competitiveness in Italian Industry in Light of the Energy Problem" (see initial article). Here are the first results.

A series of econometric regressions are being applied in an attempt to match the characteristics of supply with specializations in Italian industry on the international markets in the 1970's. It is not an attempt to measure competitiveness factors directly (price factors and price differentials, the costs of labor

and financing, and the effect of the domestic demand cycle), as is the case with the estimate of industry export functions (see the research project by the Italian Credit Study Office).

In this case, attention is focused on the relative performance of each sector as weighed by the production average over one year or a given period of years rather than by variations in the rate of this performance, which are to be explained by the usual factors of unit costs (rate of change and so forth). This relative performance, which is measured by sector specialization indices (export totals and earnings), is correlated to a series of more or less stable characteristics of the supply structure: intensity of capital and energy in production processes; intensity of research and development (R&D); capacity for generating innovative output (foreign patents); amount of vertical integration in the sector; degree of concentration of companies involved in sales; employee training structures, etc.

Nor did the survey wish to limit itself to traditional tests of debatable though rather widespread old, academic theories such as the hypothesis that every country specializes in production that absorbs the most labor or capital according as the country is more "endowed" with labor or capital.

Many of the results obtained make it obvious that the specialization of Italian industry relative to international competition is significant: as many sectors are high as are low in the use of fixed capital and energy per employee; as many are high as are low in including R&D in their costs; a relatively low number of patents are registered abroad per employee in Italy; the use of highly-skilled labor is high relative to total manpower based on fixed investment per employee; a large number of sectors are on the downside of the production cycle, which is characterized by a relatively high incidence of value added to costs.

A comparison of the data from the beginning and end of the 1970's does not show any obvious changes in the structure of specialization. A comparison between Italian specialization indices on the EEC markets and markets of emerging countries confirms the impression that Italian specialization is greater relative to the EEC in sectors low in capital intensity, energy use and R&D. Supply characteristics such as the degree of supply concentration and the presence of economies of scale in production, which are in turn closely linked to capital intensity per employee, do not contribute significantly to the analysis.

The interpretative framework emerging from this study seems rather clear, although not at all comforting. Unlike the previous 20-year period, Italy's comparative advantages have ceased to evolve toward greater resemblance to the average of the advanced industrialized countries. In the 1970's, Italy's pattern of exports was almost the opposite to that of the United States (for which econometric tests yield coefficients of opposite signs); it is also notably different from that of Germany and Japan, whose specialization is moderately high in sectors not particularly "heavy" in terms of capital per employee and energy use (as in Italy) but is very intense in R&D and has great economies of scale (unlike Italy).

As is confirmed by other statistical comparisons, the Italian export industry has been able to undertake noteworthy product conversions, but it has done so mostly in sectors dominated by medium-small businesses under pressure from competition by recently industrialized countries (the so-called NIC [newly industrialized countries?]) and/or from new OPEC demand (textiles, clothing, travel items, footwear, furniture, housewares, ceramics and construction materials, toys, musical instruments, and jewelry) as well as in sectors dominated by large-scale production and high R&D with a few large companies (automobiles, electronic components, data processing, telecommunications, steelmaking and precision instruments).

Italian manufacturing had relatively good earnings in the 1970's. They are due not only to price competitiveness achieved through heavy devaluations (particularly in 1976) but also to efficient use of capital stock in small and medium-sized businesses. With few exceptions, Italy lost ground on foreign and domestic markets in the 1970's in sectors dominated by big business.

It would thus appear rather disquieting to extrapolate these trends into future years. It is unthinkable that Italy could continue its foreign dealings in the 1980's by playing the same hand as in the 1970's. The problems of energy conservation and agricultural restructuring are still there, and they will have long-term effects. But in the medium to short term, it has become less and less possible to postpone stimulus to innovation and competitiveness in big business. Italy's regression toward the status of a developing country is due not so much to the excessive surplus of "traditional" sectors as to the potentially explosive crisis of big business in "modern" sectors.

Technology and Competitiveness

The econometric analyses of large sectors are derived as much as possible from existing statistical information, but they do not bring out the competitiveness factors and types of innovative processes at work at the product- or product-group level. A lot of "horizontal" factors are missing, such as the interdependence between sectors supplying and utilizing technology. Attempts are being made to use sectorial interdependence matrices to recalculate indices of technological intensity pertaining directly and indirectly to each sector (Momigliano-Siniscalco). Meanwhile, ENEA-IRS research is following a complementary path by conducting a strictly microeconomic survey of operators' and experts' opinions on the innovation and competitiveness of individual products in innovative sectors.

The analyses will eventually cover about a hundred products and is intended to collate horizontal relationships rather than specific characteristics in individual sectors producing the products in question. This is so even though the study is predisposed in some cases to the better-observed large sectors. Its main limitation consists in being based more on subjective opinions (0-10 ratings and the like) than on objective, measurable data. However, it is a limitation that must be accepted if the study is to be done in a field of microeconomics, where there are no data banks that can supply the desired information.

The field of about 60 products so far examined includes intermediate products (such as electronic components, valves, pumps, motors, and automobile parts) to end-use products (such as toolmaking, textile and various specialized machinery, telephone switchboards, color television sets, electric typewriters, pharmaceuticals, and control and measuring instruments). The producer companies vary greatly in size (from 2 billion to 1 trillion lire in earnings with a share of the domestic product market reaching 100 percent) and in R&D intensity (up to 20 percent of earnings). The following are some of the initial indications emerging from the study.

Competitiveness Factors

It has been confirmed that the price factor weighs about as heavily as factors other than price (this has also been indicated in many studies, such as the recent IRER [expansion unknown] survey on "Development and Innovation in Small and Medium-Sized Companies" by Alberto Riva) with greater weight given to the price variable in the case of intermediate products. However, it is interesting to note that technological innovation factors, in the strict sense of the term, are of more moment than other factors. In particular, there are innovation in the organization of production, which is essentially the organization of labor within the company (more than, for example, decentralization in Italy or production segments in other countries), and innovations in sales organization, particularly for end-use goods.

As for factors that are not innovative in the strict sense of the term, these factors receive less weight. They are such factors as non-technological innovation in production (design, differentiation, and the like) and business administration. Organizational innovations seem to derive from causes connected to technological innovation, especially with products for which technological innovation brings about modifications and improvements in post-sales service. As for non-innovative competitiveness factors, the social and political context is prominent (labor conflicts), followed by differentials in the unit cost of labor and financial costs, the availability of capital (foreign or domestic), the availability of "human capital," and efficient distribution systems.

Channels for Introducing Innovation

The study of this aspect is particularly relevant to understanding the relative importance of the direct channel (internal R&D within a company, in laboratory or not) and indirect channels. High scores were given to both the direct channel and, among the indirect channels, the acquisition of imported materials and components. Among the indirect channels, medium to low scores were given to: the acquisition of patents and licenses, information and human capital acquired from outside the company, and the acquisition of machinery (this last, however, seems relatively more important when the product in question comes from what is generally thought to be a low technological opportunity sector, e.g. process innovations in mature sectors).

The Causes, Nature and Effects of Innovation

As was to be expected, market stimulus (demand for innovation by product users) plays a very important role in the impetus for opportunities deriving from technical and scientific progress. In particular, for companies in the sample, R&D was by far concentrated mostly on so-called "development" research (60 percent) as opposed to only 7 percent for basic research and 33 percent for applied research. The research is considered by most to be imitative and duplicative of that done in leading foreign countries. The lead time for introducing innovations in Italy is considered stable or decreasing, almost never as increasing. In addition, the life span of products made in the last 10 years is thought to be decreasing on the average as a result of innovative technological improvements in the production processes.

Energy conservation is perceived as being a stimulus to innovation, but more as it affects the energy consumption of product users than the production process itself (so far, at least, research has not studied the case of high energy consumption for standardized intermediate products). The conservation of materials, more than fixed capital savings, is given considerable weight in the light of the effects of technological innovation on the product. Of course, labor savings and an increase in the indirect labor-direct labor ratio have resulted from technological innovation. Finally, the complexity of the process and the product is increased in many cases as a result of technological innovation, but there is no precise link with a greater or lesser transferability of production to emerging, low-wage countries (which depends on cost factors and commercial strategy).

Obstacles to Innovation

Among the most recurrent themes in the analyses done so far are: the high absolute cost of innovation; lack of domestic and foreign financing; high uncertainty and risk; and inadequate government policies for supporting R&D by business and the formation of new jobs. Contrary to all expectations, the average respondent does not see as being an important obstacle to innovation either barriers to international travel (occupation of the market by leading foreign companies, protection of industrial patents or trade secrets, insufficient business size) or social resistance to labor mobility required by innovation.

Nor did the interviewees consider to be important the fact that Italian industry is specialized in segments of mature markets. Finally, there is confirmation of the still scarce incidence of contact between innovative companies and the foreign institutional context: little consideration is given to the obstacles to innovation created by insufficient research being done in government research agencies and the inadequacy of government policies for the transfer and spread of innovations.

In this connection, then, the implication probably is that the few instruments of technological innovation policy still have to be fully implemented if they are to affect the industrial structure significantly.

'Made in Italy' Declining

Milan MONDO ECONOMICO in Italian 19 Jan 83 pp 50-53

[Article by Gianfranco Viesti: "The 'Made in Italy' Star Is Waning"]

[Text] The seriousness of the trade deficit in recent years seems to confirm the opinion of those who think that Italy is moving out of the circle of largely industrialized countries. But a closer look at the situation will show that such generalizations are not yet justified.

Italian export is actually a complex matter. We have very many connections on the world trade scene. Thus, if we have to examine large sector exports, we must not forget that they show a rather wide variety. Also, it should be remembered that in recent years Italian products have been directed increasingly towards markets in developing countries (presently 20 percent of machinery, and almost half of gold products, for example; these are small industries, but they are very active) and towards OPEC (30 percent for OPEC, 15 percent to developing countries generally). This has been a real shot in the arm for the past decade, although OPEC problems are now making it impossible to maintain these highly profitable outlets.

As always, the most consistent trade profits come from the so-called traditional sectors: textiles, clothing, hides and leather, shoes and furniture account for more than 20 percent of the value of our exports; in the 1970's Italy often carved out bigger shares of the world market. But this does not justify uncritical optimism: new and aggressive competitors are emerging in these sectors. In textiles, cotton goods especially were in the red for some time, but there has been a recovery of competitiveness; Japanese production has diminished notably, but it has been offset by emerging countries' heavy penetration into the OECD market, especially the Asian countries. This has been at least partly the result of Japanese companies' moving abroad. This threat seems likely to worsen, given the discrepancies in production costs, which are noticeably less in Taiwan and Hong Kong; it is accompanied by a new threat from Greece and Spain, which now directly compete with Prato and Biella, especially on the European market.

This situation is even more evident in footwear and clothing. In footwear, our exports come to half the total of the industrialized countries; the Japanese withdrawal in the early 70's is now being offset by an increase in market shares going to NIC [newly industrialized countries]. In clothing, Italian strategy has been based on the decentralization of even "underground" production and on the increased value of "Italian style" clothing; it has so far made great contributions to the balance of trade (about 3 trillion lire a year in recent years). There has been a great increase in trade within the EEC, but developing countries have captured more than 40 percent of OECD imports, with as much as 90 percent of imports to the United States alone.

In these traditional sectors, Italian performance has therefore been satisfactory, although the 1980's present a series of unknown factors. But in other large sectors, the slump in big business has greatly eroded the possibility of export. This is the case with steel production, where exports are concentrated on long products and tubing: its positive balance should make up for the deficit in very high value special steels and semi-worked steel. As is well known, this industry is more or less obsolete technologically in comparison to its European counterparts, and for many reasons it has been unable to meet Asian competition adequately. In 1980,

Japan accounted for 25 percent of OECD steel exports, although this figure had reached 30 percent in the mid-70's. NIC export penetration has made itself felt in semi-worked steel products and tubing. The same is true in chemicals, where the Italian deficit reached about 3 trillion lire in 1981. This deficit has been caused by an abyssal drop in basic chemicals and a tendency to lose large shares of the market; it is diametrically opposed to the French and British recovery and the German and U.S. performances.

In transportation, the Italian competitive position has gradually deteriorated. While this worsening has not been as marked as in Great Britain, Italy has certainly not managed to maintain its position, as France and Germany have, despite the exceptional performance of Japanese producers. The Japanese now have 28 percent of all OECD exports, up from 9 percent in 1970. This is a case in which the multinationalization of large producers significantly determines the origin and destination of both the finished products and, especially, motors and other parts. But this does not mean that the trend of the whole sector is downward as far as Italy is concerned. Only in motor vehicles has Italy managed to keep 10 percent of the world market, while the trend in world trade for autos shows real trouble. And the shipbuilding slump is affected by a world situation in which, once again, Japan conquered the world markets at the beginning of the 1970's and recently reduced its exports drastically in favor of emerging Asian nations, especially Korea. Despite some positive areas (such as helicopters), the Italian share of aeronautical exports is much less, obviously, than Great Britain's, the United States', France's or Germany's.

Besides these sectors in serious crisis, there is all of mechanical production, where the competitive position of Italian industry is more complex and interesting. Indeed, there are products for which the technological gap relative to countries like the United States, Germany, Japan and, in some cases, France is becoming more marked and seems to be worsening so much that an obvious disparity is emerging between the evolutionary trends of industrialized world and Italian production. The most obvious example is videorecorders. Besides these products, however, there appear to be "niches" of mechanical production that have a high rate of innovation and optimum performance on the international markets. These are the products with which Italian technology is highly competitive and makes it possible for non-electrical machinery generally to contribute so importantly to the success of our exports (about 20 percent for export, with a surplus of more than 6 trillion lire in 1981).

For machine producers, too, the greatest threat to Italian companies' market share comes from Japan, which has notably increased its own specialization. We are certainly far from being in a position to state what success Japan has had with motor vehicles, but Japanese companies have surely been eroding the positions of the traditional German and American leaders. Thus, for example, in agricultural machinery, Italy has made a good comeback in recent years and won back a couple of points in its share of OECD exports, but it has lost ground on the developing countries' market.

More worrisome is Italy's position in office and calculating machines (see table), where there is a net loss on the market of industrialized countries. But even here the problem is more complex than it may appear from the aggregate data, for it shows conflicting trends. On one hand, Italian typewriters are doing well; on the other,

there is the invasion of small calculators from Asia, which has hit the U.S. market especially hard. However, comforting news comes from various sectors of specialized machinery: Italian plastics-working machinery for materials such as rubber and food appear to be in flux only on the market of the socialist countries. Elsewhere, in Africa, Latin America, the Middle East and EEC and non-EEC Europe, exports have made significant positive gains against Swiss, German and American competition. This confirms the idea that the innovative processes that have been taking place especially in small and medium-sized business are showing up here as effective competitiveness and are yielding more exports. Here, the "danger" of both Asian and Latin American developing countries is still insubstantial, except for spinning machines, which are directly linked to textile and clothing production.

The Japanese have had resounding success in telecommunications. The industrialized countries import from Japan about a quarter of all their radios, television sets, cash registers and their specialized components: diodes, transistors, cathode-ray tubes, and piezoelectric crystals. However, in this important facet of world trade (about 5 percent of the total of manufactured goods traded), many countries have been rapidly tooling up to ride out the wave: thus France, which is improving its own specialization, and Germany, which has kept a positive trade balance. Not thus Italy, which has had a net drop in its market share, a strongly negative balance, and appreciable despecialization.

In electrical machinery generally, motors, various materials, and components are one of our most serious weak points. Unlike other sectors, the average unit value (in dollars per kilogram) of Italian exports is a quarter less than the Japanese and half that of German exports. Of course, domestic appliances are still bringing in a large positive balance (about \$1 billion in 1980), though the market trend in the 1970's was very uneven. The recession of the early 70's was followed by a recovery, and lighting fixtures remained largely a European "affair" despite the Asian developing countries' controlling 10 percent of the OECD market.

But the general situation is causing great concern. With the persistent world recession, the struggle for market shares has become increasingly bitter. While Germany is keeping its position, though with some difficulty, France is trying to compete in more advanced sectors, and a few positive notes are coming even from Great Britain. Italy is finding itself increasingly exposed in its own strong points. There are new movers in international trade: Korea, Singapore, Hong Kong, Japan, in some areas even Greece and Spain, and the more advanced countries of South America, such as Argentina and Brazil. They are now experienced competitors in traditional products and are moving into sectors of machinery where Italian performance has so far been quite satisfactory.

[Table on next page]

Computer in the Lead

Italian technological balance of payments by type of product, in millions of lire, 1981

<u>Sector</u>	<u>Credits</u>	<u>Debits</u>	<u>Balance</u>
Food	2.632	19.637	-17.205
Minerals	595	1.614	-1.019
Coal	1.210	91	+1.119
Petroleum products	1.596	2.177	-581
Inorganic chemicals	290	7.382	-7.092
Primary organic chemicals	5.743	5.904	-161
Pharmaceutical chemicals	22.431	62.156	-39.725
Fertilizers	362	423	-61
Industrial chemicals	5.911	51.821	-45.910
Plastics	15.265	7.602	+7.663
Rubber	1.088	31.918	-30.830
Hides and leather	39	19	+20
Cardboard and packaging	309	2.799	-2.490
Printing	14.874	9.505	+5.369
Wood	82	840	-758
Textile fibers	616	2.689	-2.073
Textile products and furs	9.652	24.638	-15.186
Construction materials	1.812	17.104	-15.292
Metal products	7.504	15.360	-7.856
Non-electrical machinery	1.577	6.469	-4.892
Hand tools and operating machinery	7.398	24.688	-17.290
Office machines	1.141	1.274	-133
Electronic computers	5.244	141.482	-136.238
Nuclear energy	10.159	3.155	+7.004
Other machinery	56.487	98.443	-41.956
Electrical energy production	2.075	7.642	-5.567
Civilian electronics	6.199	28.802	-22.603
Cables and other electrical equipment	1.301	314	+987
Land transport	24.586	12.969	+11.617
Air transport	228	3.057	-2.829
Sea transport	50	1.228	-1.178
Medical equipment	109	1.236	-1.127
Precision machinery	4.705	8.637	-3.932
Motion picture film, sound systems	2.965	11.811	-8.846
Arms and ammunition	576	1.662	-1.086
Art objects and valuables	8.632	30.925	-22.293
Totals	225.443	647.873	-442.430

Source: work-up of data from the Italian Trade Office

Modest Technology

Milan MONDO ECONOMICO in Italian 19 Jan 83 p 52

[Article by Guido Birtig: "They Are Modest in Technology"]

[Text] What is Italy paying for its technological dependence on foreign countries? What is the effect of this dependence on the balance of payments? In 1981, the last year for which figures are available, Italy's technological balance of payments showed a deficit of 422 billion lire, up 20 percent over 1980. The balance includes transfers accounted for by national banks and reported to the Italian Trade Office (5,782 transactions affecting credits and 12,031, debits). Italy's foreign sales of patents, licenses, trade marks, designs, inventions, know-how or technical assistance brought in 225 billion lire, while purchases amounted to 648 billion lire (see table at the end of the preceding article). A historical analysis of the trade balance reveals a steady growth in the deficit from 1956 to 1973 with only two exceptions in 1967 and 1967, when the deficit temporarily shrank. After 1973, the trend has been more uneven: disbursements and receipts rose in 1975 and fell in 1976. The peak year for outlays and for the resulting negative balance is 1978; it was followed by drastic change in 1979. Using a synthetic index involving the ratio of debits to credits, a trend emerges, with a value of 3.2 in 1956 and 2.0 in 1959. There is a gradual rise up to a value of 4.4 in 1962, followed by a new, downward trend to 3.1 in 1967. The index rises gradually to 4.6 in 1972 and falls gradually to 2.8 in 1977. The absolute maximum was hit in 1978 at 5.0, with values of 3.1, 2.8 and 2.9 in the three years following.

Of the six subheadings of the balance sheet, only in 1981 did design and technical assistance show a positive balance, all the others remaining negative. On the negative side, licensings clearly dominated the figures, for they alone accounted for a deficit of 370 billion lire; patents came next with 57 billion, followed by trademarks with 28 billion, and inventions with 1 billion. An analysis of the last 3-year period shows a holding pattern in the main groups. Licensings are confirmed as an important item, its deficit growing from 73 to 88 percent. Patents show substantial stability, holding at about 14-15 percent. However, trade marks show some improvement, dropping from 8 to 6 percent. Technical assistance follows a decidedly positive trend, going from an 8 percent deficit to a positive figure. This item is countered by a less favorable trend in design, which is the one consistently positive item. Inventions show an increasing negative balance, but the amount is clearly negligible in comparison to the others.

An examination of the balance sheet for 1981 shows a broad, generalized negative total as well as in types of products. The deficit tops at 136 billion lire for electronic computers and continues at 46 billion for mechanical equipment, 40 billion for pharmaceuticals, 31 billion for rubber, 23 billion for civilian electronics, 22 billion for art objects and valuables, 17 billion for hand tools and food products, 15 billion for textile products and construction materials, 9 billion for films and phonographs, 8 billion for metalwork and 7 billion for inorganic chemicals. Having listed the areas where the deficit is largest, we note that there are only seven items showing a positive balance. The largest of these is transportation at 12 billion lire, followed by plastics at 8 billion; nuclear energy, 7 billion; printing, 5 billion; coal and electrical appliances, 1 billion; and hides and furs, 20 million. Changes in the last 2-year period have involved a rather limited number of products: among these are weapons, electro-medical appliances, and sea transport, which went from a positive to a negative balance. In contrast, printing, cables and other electrical equipment, and hides and leather showed a negative balance in 1981 as opposed to a positive balance in 1980.

If types of economic activity are compared, in addition to product types, there emerges a deficit of 166 billion lire for commerce, 76 billion for machinery, 72 billion for chemicals, 28 billion for rubber, 16 billion for non-metallic minerals, 12 billion for sound and optical systems, 11 billion for various services, 10 billion for the construction, transportation and petrochemical industries, 7 billion for the mineral-working industry, 6 billion for the textile, clothing and footwear industries, and 5 billion for the paper and food industries. In contrast to these deficits, there is a surplus of 17 billion lire in the construction industry, 3 billion in mining and marginal industries, including finance, and water and energy distribution at 1 billion lire. No substantial changes appear in 1980-81 with the sole exception of the vehicle industry, which dropped from a surplus of 20 billion lire to a deficit of 10 billion in the span of one year.

At the national level, Italy's technological balance of payments was in the red in 1981 relative to all its Community partners except for Greece. The difference between outgo and income is, of course, greater with respect to more industrialized countries such as France, Germany and Great Britain. Consistent deficits also occur with the United States, Switzerland, Sweden and Japan. If the deficit balance is disregarded, the major purchasers of Italian technology are the United States, the Soviet Union, Switzerland, Spain, France, Libya, Germany, Great Britain, Japan, Yugoslavia, the Netherlands, Belgium, Saudi Arabia, Argentina, Venezuela and Brazil.

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CSO: 3528/100

PROGRESS, PROBLEMS IN GOVERNMENT ECONOMIZING EFFORTS

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
20 Apr 83 p 2

[Article by "goe": "How to Economize ?"]

[Text] The Hague, 19 April—These past few weeks have shown that many things have changed drastically in the Netherlands over a short period of time. Just a few years ago, modest government proposals to economize were met by massive strike threats. Nowadays, numerous economy measures are accepted with hardly a word of dissent. Even opposition political leaders admit that any cabinet—whatever its political coloration might be—would have to clean house from top to bottom. There are differences of opinion only on how to do it—not on whether it needs to be done. The newspapers do rail against dismissals and cuts in social programs but that—as Socialist deputy Marcel van Dam recently said—merely amounts to normal, organized unrest instigated by a variety of interest groups.

The most recent example for peace and quiet—however long it may last—were the newest economy measures made public by the government as part of the adjustment to current budget plans. Debate on the issue on which segments of the population could be saddled with additional sacrifices resulted in more tension among the Christian Democratic and Liberal members of the government coalition than the announcement of these very cuts in income to which there has hardly been any public reaction at all thus far.

In all, the cabinet decided on an economy program which will save 2 billion Dutch guilders this year. The measures which resulted in the quarrel between the ministers of the two abovementioned parties were 2 percent cuts in social services starting on 1 October of this year—which will bring the Dutch treasury 225 million guilders this year and another 600 million in 1984.

Christian Democrat Prime Minister Lubbers coupled this measure to another calling for salaries of civil servants and so-called trend followers (white- and blue-collar public service employees without civil service status) to be cut by 2 percent and their working hours to be cut by 2½ percent starting on 1 July. The Liberal ministers interpreted the social program cuts to mean that they would be carried out even if no agreement was reached with the public service workers union on their salary cuts. In the final analysis, HANDELSBLAD wrote, the debate centers on the question of whether the Lubbers govern-

ment, in calling for social program cuts in the last quarter of 1983, is aiming to uncouple wages and social services—which would constitute an extremely controversial turning point in the philosophy of the Dutch welfare state.

One thing is clear already: the government intends to spare the private sector as much as possible. In a parliamentary debate, called at the request of the socialists, Prime Minister Lubbers stated that recipients of social services, civil servants and trend followers (which is to say all those receiving public monies) would have to sacrifice part of their income starting on 1 October unless an agreement with the public service workers union is reached. He would not exclude other possibilities for saving the 225 million guilders—such as raising the value-added tax.

Other proposals for economy measures this year include the following: budget cuts amounting to 865 million guilders—675 million of which would be saved in housing construction; a cut of 280 million guilders in government contributions to social service funds and a simultaneous rise in old-age pension premiums for the working population along with a rise in fuel taxes by 10 percent starting on 1 July (which would bring in 225 million guilders). The final budget proposal is expected to be ready in a few weeks; parliament will then have the last word on it.

The 2 billion guilder economy program now decided upon will only partially offset the estimated 3.5 billion guilder budget shortfall for 1983. The government views the remaining 1.5 billion as reflecting the state of the economy as a whole and will thus be resorting to deficit spending.

Economizing will remain something of a catchword in the Netherlands. The 1983 budget shortfall will be 3.5 billion but the Central Economic Commission (which includes high-ranking members of various government departments) has estimated that it will amount to 6 billion guilders in 1984. If no adequate measures are taken, the budget deficit this year will rise to some 13 percent (the government had originally placed it at 12 percent). In part, the additional shortfalls are a result of reduced profits from the sale of natural gas (caused by lower domestic and foreign demand; a mild winter; waiving of the rise in the government share of the smaller gas fields' production; lower oil prices). Another reason for the shortfalls was a slowdown in economic development this year (including, above all, greater expenditures for unemployment compensation and increased demand for rent subsidies).

Shorter working hours will continue to be an important issue as well. It is not only being debated in the public service sector but in the private sector, too. Labor negotiations which were decided upon last November got off to a slow start but are now moving along. Positive results have already been reported from Akzo, Philips, from the banks and insurance companies as well as the graphic, metal and metal crafts industries.

In spite of everything, small rays of hope can also be noted. The Central Statistical Office in the Hague conducted a poll early this year which showed that Dutch consumers are more optimistic now than they were last October. The

consumer confidence index (based on responses to five questions relating to the economy as a whole and individual finances) rose from 51.6 to 53.5. 10 percent of the consumers (as opposed to 7 percent in October) thought the economy had improved somewhat or improved markedly and 41 percent (as against 42 percent, thought conditions would get appreciably worse. An unchanged total of 8 percent expect their own financial situation to improve whereas 42 percent (as against 41 percent) thought it would deteriorate.

Orders Received: The number of orders received by Dutch industry in February was virtually unchanged. There were fewer domestic orders as against more from foreign countries. According to the Central Statistical Office economic report, 37 percent of the firms queried called the orders picture dim. The orders-on-hand index (September 1982=100) rose by one point to 95. 37 percent of the firms (as against 39 percent in January) called orders-on-hand low. 19 percent of the firms (unchanged) called stocks too low.

Production: Industrial production did not register any appreciable change in February as against the previous month, nor is it expected to change markedly until the end of May.

Labor Market: There were 778,747 unemployed in the Netherlands at the end of February as against 776,079 at the end of January. The unemployment rate stood at 16.7 percent, a rise of 0.1 percent over the previous month. According to the ministry for social affairs, the seasonally adjusted jobless figures were 755,678 (as against 744,457 in January) which corresponds to a rate of 16.2 percent. The number of jobs available declined by 240 to 8,260 (or seasonally adjusted by 55 to 9,000).

Wages and Prices: The rise in prices is continuing to slow down. By mid-February, prices had risen by 0.2 percent over mid-January. 42 percent of the goods services included by the Central Statistical Office rose in price; 31 percent of goods and services—among them fresh vegetables and gasoline—declined.

Balance of Goods and Services: In 1982, the surplus amounted to 9.6 billion Dutch guilders. In 1981, it stood at 7.8 billion, according to figures released by the Netherlands Central Bank. Only one-quarter of the improvement was due to the sale of goods; the remaining three-quarters was due to so-called invisible trade (services and income). In the last quarter of 1982, the balance of goods and services was balanced. The surplus of almost 4.2 billion guilders during the first 3 months of the year had gradually been declining as the year went on. In the last quarter, the decline as against the previous quarter amounted to 1.5 billion guilders. A 10 billion guider surplus is expected for 1983.

ARPOSOL PROTEST OVER CATCH LIMITS AFTER EEC ENTRY

Madrid EL ALCAZAR in Spanish 20 Apr 83 p 55

[Text] The Provincial Association of Fishing Boat Owners of Gran Sol de Pontevedra (ARPOSOL) has written to Prime Minister Felipe Gonzalez condemning the attitude of the European Economic Community for asking Spain not to increase its catch in Community waters once it joins the Common Market.

Copies of the letter were sent to Minister of Agriculture, Fishing and Food Carlos Romero and Minister of Foreign Affairs Fernando Moran, as well as to the Office of Secretary General of Maritime Fishing and the parliamentary groups of the PSOE [Spanish Socialsit Workers Party] and the AP [Popular Alliance].

The owners state that they have examined the issue with concern and consternation and that they have come to the conclusion that the EEC is deliberately concealing the fact that what it is really trying to do is prevent Spanish fishing activity by every possible means.

"This attitude can no longer conceal the fact that certain economic interests existing in some Community countries want to take control of the Spanish market by every possible means, including the use of false exhibitionist arguments."

ARPOSOL repeats the need to demonstrate firmness in negotiations with the EEC, which in its opinion wants absolute control over fish imports.

Concerning this claim and according to information given to EFE by the National Association of Joint Companies, the contribution of fish to the national markets of the aforementioned joint firms in which Spain participates totaled 31,004 tons during the second half of last year, with 34,191 tons imported from other sources.

Talks With Canada

In addition, the initiation of talks with Canada for the drafting of a fishing agreement for the Spanish cod fleet has suffered another setback, administration sources have told EFE.

The new date set for discussions by delegations from both countries of the conditions for the agreement is 15 May.

Talks between both countries were to be held in Ottawa on 8-9 April, but the same sources indicate that Canadian authorities have requested a delay in order to continue talks with the sector.

The working agenda of the Spanish Fishing Administration advised that the delay requested by Canada be extended until mid May.

At the last Cabinet meeting, it was agreed to refer the Spanish application for membership in the highest international organization for the North Atlantic (NATO) to the Cortes for discussion by the Foreign Affairs Committee of the Chamber of Deputies. Spain has always attended NATO meetings as an observer.

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CSO: 3548/378

ECONOMIC TIES WITH BELGIUM, EEC ENTRY SUPPORT

Madrid YA in Spanish 22 Apr 83 p 23

[Text] The Belgian-Luxembourg Chamber of Commerce in Madrid hosted a dinner honoring Prince Albert of Belgium on the occasion of his visit to Spain at the head of an important economic commission. The dinner was attended by Minister of Economics Boyer and Minister of Agriculture Romero, as well as some 200 other people. During dessert, after a few words by the president of the chamber of commerce, Prince Albert gave a speech stressing the ties the link the two countries, and explaining some of the mission's goals.

"Spain," said his royal highness, "is far from unknown to Belgians. We share with her many memories of the common history we have inherited, replete with ups and downs. Today we have the same aspirations for peace, justice, solidarity and democracy.

"Our desire is to put an end to the low level of commercial transactions between us, because Belgian-Luxembourg sales to Spain account for only 1 percent of our total exports, while purchases from Spain also represent less than 1 percent of our total imports.

"Another reason for our visit," continued Prince Albert, "is the limited industrial presence Belgium has in Spain. True, several companies from my country participate in Spanish industry, but it is also true that they represent an insignificant part of the total. Through the contacts organized by the mission in Madrid, Barcelona and Bilbao, we will try to bridge that gap. At the same time, the members of the mission will try to establish direct ties with Spanish industrial firms, ranging from the creation of commercial networks to the adjustment of the sector's reciprocal features; from the granting of licenses or brand names to the transfer of technology; and from subcontracting to licensed assembly.

"Another broad area of collaboration could be Hispanic-Belgian cooperation in third markets. Latin America is a field of action very familiar to Spanish firms, while Belgian businesses have a greater presence in certain markets of Africa, Asia or the Middle East. There are, then, undeniable points of complementarity which would enable us to launch a common effort and obtain the greatest benefits in this area.

"It is no secret that Belgium," stressed Prince Albert, "has supported Spain's membership in the European Economic Community from the very beginning, and not just in word but also in deed, especially when Belgium presided over the Community Council in 1982. If this negotiation does not progress as rapidly as it did then, it is due in part to the problems encountered in integrating the Spanish economy as a whole, given that it was built and structured for many years outside the Community. These problems have been exacerbated by the economic crisis that is affecting all countries, which favors short-term reactions. Now, the important thing is the long term, and this is not, therefore, the time for discouragement, frustration, rigid calculations or lack of political foresight, all of which could jeopardize Spain's candidacy for membership in the Community."

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INQUIRY INTO STATE BUSINESS MANAGEMENT ASKED

Barcelona LA VANGUARDIA in Spanish 29 Mar 83 p 7

[Text] Madrid--Three Senate Parliamentary Groups have asked the Chamber to appoint an ad hoc committee to investigate management by the state in the economic sphere. The president of the Senate Popular Group, Arespacochaga, indicated that the Socialist Parliamentary Group had not been consulted on this initiative but that "If they refuse to vote for it in the plenary, they will have to explain the reasons why they do not want us to know the facts about what is going on."

The justification accompanying the proposal affirms the need to know the results obtained by the state managements in those businesses that are either owned by the state or controlled by it through majority shareholdings --these include those of the INI [National Institute of Industry] --and in those businesses or enterprises that have been "intervened"--as in the case of the recently expropriated Rumasa holding company.

"My Parliamentary Group," Juan Arespacochaga stated to EUROPA PRESS, "has asked for this committee not because of the expropriation of the Rumasa holding company, although that adds to the reasons that underlie it. The state has increased its activity in the economic sphere to such an extent," he added, "and exercises such a degree of economic control in businesses--besides which, public enterprise deficits are so large--that it is only reasonable that we be kept abreast of the performance by the state-controlled managements."

According to Arespacochaga's statements, the petition bears the signatures of 25 senators and, as is mandatory, these represent more than one Parliamentary Group. In addition to various AP [Popular Alliance] members who have signed the petition, the promoters of this committee of inquiry include UCD [Democratic Center Union] members Federico Padron and Carlos Bencomo of the Mixed Group, and Narcis Oliveras of Catalunya al Senat.

Since the Senate will not be in plenary session until the second week in April, the proposal will probably not be debated on the floor of the Upper House before May.

Broadening of Individual Income Tax Exemptions Asked

In addition, the Popular Group introduced a bill yesterday to modify the Individual Income Tax Law of 8 September 1978. The bill would exempt persons earning less than 750,000 pesetas from having to file income tax returns.

The Popular Group is proposing a new wording for Article 3 of that law that would redefine the components constituting the taxable income of a pensioner as including incomes from personal labor or services, but excluding pensions and annuities; incomes from economic activities of all kinds and those derived from professional or artistic activities; incomes from any capital asset that are not conjuncts of the foregoing component; and capital gains determined in accordance with the provisions of the present law.

The text of the bill, to which EUROPA PRESS has had access, also provides that the conjointment of capital assets [for the effects of this bill] can only be applied to real estate being used to house installations for the actual exercise of the activities claimed and for employees' commissary-type, social and cultural services. "Under no circumstances shall [one's] rest and recreational assets be considered conjuncts [for purposes of exclusion]."

Another proposed change would modify Article 14 of the 1978 law to include as income such bonuses and rewards as are not included in Article 3, entertainment allowance payments, remunerations in kind, and use of living quarters as a perquisite of the job or public office. All of these components would be estimated at 3 percent of the value at which they have been or should be computed, as the case may be, for the effects of the tax on net worth. At maximum, they will be estimated at 10 percent of the associated salary.

Also included as incomes would be per diems and allowances for travel expenses, except those for transportation and normal ones for board and lodging.

The assessable tax base would be tied to the rates indicated in the appropriate table, the first step of which would be 15 percent and the uppermost step 65 percent. The table would be revised annually in accordance with the consumer price index.

The deductible percentage of investments made for the acquisition of housing that becomes the taxpayer's habitual residence would be as follows: Up to 1 million pesetas, 20 percent; from 1,000,001 pesetas to 3 million pesetas, 25 percent; over 3 million pesetas, 20 percent.

The basis of the deduction would be the amount actually paid during the tax period.

Annually and as a function of the oscillations that have taken place in the consumer price index, the amounts of the deductions indicated would be varied. The variation would be stipulated in the national budget law.

According to this bill, Article 34 of the present law would be modified to exempt pensioners with incomes below 750,000 pesetas from having to file income tax returns; in their case, all incomes of the family unit would be included in the computation.

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MANAGEMENT, LABOR REJECT TEMPORARY HIRING RULES

Madrid ABC in Spanish 21 Apr 83 p 55

[Text] The Ministry of Labor and Social Security has finalized a proposed ministerial order regulating temporary hiring and various measures aimed at promoting employment. The order will be published in the BOE [Official State Gazette] in about 10 days, despite the fact that at the meeting held yesterday by the General Council of the National Employment Institute (INEM), the CEOE [Confederation of Spanish Business Organizations], as well as the UGT [General Union of Workers] and the CCOO [Workers Commissions], expressed disagreement with the proposal.

This ministerial order, which makes conditions for temporary hiring more flexible, develops the royal decree of 25 June 1982 concerning the promotion of employment, which had been modified and extended for this year by a royal decree in December. In its first and most controversial article, the proposal states that the ban on temporary contracts for covering jobs left vacant during the year immediately preceding the date of contracting for some of the causes set forth in the previous royal decrees are understood as referring "exclusively to the same job."

In the construction and hotel-keeping sectors, for contracts with an initial duration of over 3 months and under 12, the 20-percent increase will continue to be applied up to the limit of the 12 months in the case of an extension.

Regarding the territorial-type measures to promote employment, it is stipulated that aid provided for in Chapter 4 of the royal decree of 25 June 1982 will be granted to enterprises and joint work cooperatives that make investments for the creation of jobs of a permanent nature for unemployed workers registered at employment offices. Such aid will be given first to enterprises making investments in provinces whose employment index is over the national average. Such aid may also be given to other provinces as long as economic possibilities permit.

The CEOE has criticized this proposal at the meeting held yesterday by the General Council of the INEM, deeming it to be "an inadequate instrument for the creation of jobs." It also considers the 1982 hiring order inadequate since temporary contracts dropped by 4,377 in January compared with December and by 8,540 compared with November. At the Council meeting, the CEOE proposed a more realistic group of alternatives that would involve the waiving of the existing standard which hurts self-employed workers, as well as measures to promote youth employment and part-time hiring which the order ignores.

Union Opposition

The UGT has expressed its total rejection, first of all, because of the modification which an order makes of the royal decree, and because of the lack of precision regarding what is meant by "job" in Article 1. This is not defined in the Spanish standard and might give rise to disparate interpretations. The same article makes it possible, in the opinion of the UGT, to fill jobs left vacant because of improper layoffs, as well as hiring flexibility.

For their part, the CCOO reject the order as it makes temporary hiring easier by permitting the use of a temporarily hired worker in a different post. This means that the mechanism could be used to increase temporary hiring through mere internal staff mobility. It also deems that this order modifies the royal decree and makes it worse, increasing the possibility, in sectors such as construction and the hotel trade, of extending contracts for up to 12 months with a 20-percent increase in social security.

Despite the rejection by the CEOE and trade unions, in addition to statements by INEM officials regarding the incorporation of suggestions they consider proper, publication in the BOE will take place in about 10 days and the order will go into effect on the following day.

11,464
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SCOPE OF NEW RURAL EMPLOYMENT PLAN

Madrid ABC in Spanish 29 Mar 83 p 51

[Text] Madrid--Talks began yesterday at the Ministry of Labor on the replacement of the current community employment system with a Rural Employment Plan to be headed by the minister, Joaquin Almunia. A committee was formed, made up of representatives of the Government and of the social sectors, within which three working parties were set up that will begin functioning on 12 April. The scope of the new plan is to be outlined prior to June.

As will be recalled, the new Labor Ministry team is aiming to replace the community employment system and, at the same time, to institute greater control over the use of these funds, which, this year, will be increased by about 23 percent to a total in excess of 30 billion pesetas. Government reports are centered on the principal objective: "Bring order to the chaos that governed the carrying out of work relief projects by the rural unemployed." A memorandum dated 25 February had already been circulated requesting that, with the wage increase of some 23 percent, and a daily wage of 1,270 pesetas, and with the institution of a 6-and-1/2-hour-minimum workday, the organizations intending to carry out work relief projects charged to community employment funds submit an explanatory report complete in every detail.

Ensuring Viability and Cost-Effectiveness

The Ministry of Labor is seeking to ensure the viability and cost-effectiveness of the investments being made in community employment projects and, at the same time, to clarify the conditions under which the unemployed become eligible for this subsidy, "a point," official sources indicate, "that has heretofore been treated with the most absolute laxness."

With the negotiations that got under way yesterday--once the protest picketings had ended--a period of 1 year has been set for the reform of the community employment system and the improvement of the services it renders, including in these the carrying out of training plans especially devoted to the younger workers and of occupational retraining and recycling courses, and apprenticeship courses in production techniques, designed to facilitate the insertion of agricultural workers into activities characteristic of other sectors.

As will be recalled, the last several weeks have been marked by continuous conflicts of protest among the rural workers, mainly in Andalusia and Extremadura, with picket lines in Malaga, Madrid, Trebujena, Marinaleda, Algodonales, etc, which the Government has interpreted as means of bringing pressure to bear upon it. The minister of labor, Joaquin Almunia, has responded to this, stating that, in the future, rural employment funds will no longer be used in an unemployment aid or protection context. These funds--said the minister--will be used for the specific purpose of fostering the creation of temporary jobs in agricultural zones and their use will be based on objective criteria, such as the farm labor market situation and the unemployment coverage situation in each zone. Investment plans, in short, must respond to the true collective and social needs of the zones in which they are to be implemented.

60 Billion pesetas in 3 years

Almost 60 billion pesetas have been invested, during the past 3 years, in community employment projects that, in the opinion of the Government, "have satisfied neither the needs of the communities in which they were carried out nor those of the rural workers themselves, leaving a wake of frustrations and social conflicts owing to the paucity of funds actually reaching their particular economies."

To this effect, the Government is gathering proposals from the different labor organizations and, among them, from the conflictive SOC [Rural Workers Union], which was received yesterday by Minister Almunia. The SOC is proposing the creation of a specific Rural Employment Fund that will include the budgets for community employment, irrigation projects, reforestation projects and public investments in infrastructure and industries in the rural environment.

The socialist UGT [General Union of Workers] organization is proposing, as is also the Government, a mixed system combining unemployment insurance for unemployed rural temporary workers and contracting of remaining funds for social-interest projects, with wages increased at minimum to the inter-occupational wage level. CCOO [Workers Commissions], besides demanding that a clear differentiation be drawn between those who are temporary and those who are permanent among rural workers, is pressing for a daily wage of 1,590 pesetas in place of the approved 1,270 pesetas per worker, to be paid for six days a week whether or not the worker is employed in community employment projects.

In yesterday's meeting, following the creation of the General Labor Commission, rules of procedure for the talks were addressed and three working parties were formed, which will meet beginning on the 12th of next month. The meeting to be held on that date will be that of the Working Party on Unemployment Benefits for Temporary Rural Workers. On the following day, the 13th, the Working Party on Rural Employment will meet; and on the 14th, the Working Party on Occupational Training will hold its first meeting. Each

working party will consist of two representatives from each of the organizations concerned. The proposed timetable calls for a new meeting of the General Labor Commission on 7 June to take up the proposal for the new plan.

Distribution of Community Employment Funds
(In Millions of Pesetas)

<u>Province</u>	<u>January</u>	<u>February</u>	<u>March</u> (to 15 March)
Almeria	100.00	106.00	99.17
Cadiz	327.00	300.35	478.50
Cordoba	291.00	300.00	257.50
Granada	180.00	200.00	174.75
Huelva	115.00	100.00	142.00
Jaen	--	67.00	300.00
Malaga	230.00	240.00	253.75
Seville	675.00	600.00	950.00
TOTAL ANDALUSIA	1,918.00	1,913.35	2,527.67
Badajoz	462.00	430.00	275.75
Caceres	100.00	110.00	161.65
TOTAL EXTREMEDURA	562.00	540.00	340.00
Murcia	20.00	20.00	20.00
Albacete	--	--	35.00
Ciudad Real	--	--	136.40
TOTALS	2,500.00	2,473.35	3,156.47

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FINANCIAL PROBLEM IN RENFE INVESTMENT DRIVE

Madrid ABC in Spanish 22 Apr 83 p 53

[Article by Elias Ramos]

[Text] The Spanish National Railroads (RENFE) plans to invest 120 billion pesetas this year, said its president, Ramon Boixados, yesterday as he presented and analyzed the results of this past fiscal year for the company. Sixty-five percent of this investment is expected to be covered by outside resources, and the remainder will be covered by the state's contribution through its budgets, and by the company's own resources, the latter two being similar percentages.

According to what this newspaper has learned, of the outside resources the company expects to obtain, amounting to some 77 billion pesetas, 57 billion will be obtained abroad and 20 billion in Spain. Of the latter sum, 15 billion pesetas is already committed.

So far four transactions have been completed abroad, and if they receive the final signatures, only about 15 billion pesetas will remain to be procured.

On 2 May a new "Euronotes" transaction is supposed to be signed, consisting of the issuance of short-term notes that will later be reconvertible over the long-term (9 years) through the commitment of the operating banks, for a value of \$100 million. The directing agent in this transaction will be Merrill Lynch and a consortium of several national banks.

By 20 May RENFE is expected to begin receiving the results of the second external financing transaction mentioned above. It consists of the issuance of 100 million Deutsch marks, and like the above transaction, it was already implemented last year. On this occasion the directing bank is the West Deutsche Landesbank Girozentrale.

The third operation involves the Sumitomo Bank and an international banking group, for a total of 15 billion yen (about \$63 million), and has two parts, one for 10 billion and the other for 5 billion yen. The interest rate has yet to be set; it will be the greater of the long-term rate and the 3-month deposit rate.

Finally, the fourth financial transaction planned by RENFE is the issuance of notes at a floating interest rate, valued at \$100 million. This action is being directed by Credit Suisse and First Boston.

Financing Great Problem

The levels of foreign financing the company has had to seek were described by the president of RENFE as intolerable. The 17.65 billion pesetas the company paid out in interest in 1981 rose to 34.691 billion last year, and the figure rises to 43.7 billion if the interpolations are included. This year it is assumed that the figure will be even higher.

The great weight represented by financing in the company's balance sheet entails another significant figure as well. RENFE's active debt right now amounts to \$1.65 billion in foreign indebtedness and 27 million pesetas in domestic indebtedness. One curious statistic in this list of the company's credits and debits: the State owes 126 billion pesetas to RENFE for military transportation provided to the Ministry of Defense, among other items. On the other hand, RENFE owes the Finance Ministry 11 billion pesetas in Physical Persons Income Tax for the last two quarters, and it owes Social Security for the month of December 1982. In all the cited cases, the president of RENFE made it very clear that the debt conformed to current legal norms governing the time periods allowed for those payments.

New Rates for May

In the corporation's financial policy, the delay in increasing rates is costing 20 million pesetas a day. The average percentage of 9.5 percent will probably be implemented this May.

As for the results of 1982, which dominated RENFE President Ramon Boixados' presentation, the final yield was a deficit of 87.064 billion pesetas, after revenues of 162.616 billion and expenditures of 204.674 billion plus 10.315 billion in expenditures dictated by previous years' deficits. During this fiscal year, of the company's total budgeted investments of 80 billion pesetas, 62 percent came from foreign sources. From what the company president said, it can be deduced, therefore, that this year's investments will grow by some 40 billion pesetas.

Of the company's outlays, 116.559 billion corresponded to personnel costs; 13.901 billion to energy and fuels; 58.743 billion to materials and miscellaneous expenses, and 15.471 billion to amortization. Of the revenues, 38.373 billion came from fare-paying passengers; 38.925 billion from goods; 4.426 billion from mail service; and 10.156 billion from other sources. State compensation amounted to 70.736 billion pesetas. The deficit is lower, however, than that of most European countries.

Passenger traffic increased by 3.1 percent, a higher growth rate than in the majority of European Economic Community (EEC) countries, while the transportation of goods declined by 0.9 percent, a lower drop than that experienced by countries such as Great Britain, FRG, France or Italy. It should be noted here that RENFE has a smaller share of this traffic.

AP BILL FOR FINANCIAL SUPPORT TO AGRARIAN SECTOR

Madrid ABC in Spanish 24 Apr 83 p 55

[Text] The Popular Parliamentary Group in Congress has submitted a bill for agrarian financing to the Congress of Deputies, in view of the peculiar problems affecting the agrarian sector within the general context of the crisis that is plaguing the Spanish economy.

The purpose of this bill is to coordinate the current distribution of official agrarian credit, to reorganize public financial resources and to expand the legal framework to stimulate the mobilization of private resources, in order to ensure sufficient credit to the agrarian sector, adapting to its real needs in terms of quantity, time periods and guarantees in the implementation of official agrarian credit.

The Agricultural Credit Bank will become the conduit for the Administration's activity in agrarian financing, and in order to improve the application of agrarian policy, cooperation agreements may be established with private financial institutions as well as public entities and agencies.

For the development and implementation of this bill, financial resources are considered to include those which are allocated each year in the General State Budgets, and those corresponding to the official and private financial systems.

For the purpose of providing for more resources from private financial institutions, in accordance with the location of the funds, each entity will be empowered to replace the present coefficient of computable assets and of long-term financing with the coefficient of specially regulated loans, as applied to the agrarian sector.

The bill calls for the creation of an agrarian savings-investment account designed to stimulate savings among farmers for the purpose of agrarian investment.

Agrarian Notes

The Agricultural Credit Bank and the private financial institutions may issue agrarian securities and bonds, respectively, and in addition to that, an agrarian promissory note is created as a security whose collateral consists of

agricultural products, and whose goal is to enable farmers to market those goods. It will be a registered bond or a bearer instrument that can be transferred by endorsement, with a fixed term, non-renewable.

The Agricultural Credit Bank and the entities with public participation for the guarantee of agrarian activities will stimulate and strengthen the creation of mutual guarantee associations among agricultural businesses.

In order to meet the general objectives of this law, the government will establish the guidelines for action in terms of agrarian financing, with the necessary coordination with regard to advance payments or harvest loans, storage, marketing and processing of agricultural products, investments and other activities. For that purpose, it will receive consultation and cooperation from agrarian professional organizations.

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CSO: 3548/384

PALME GOVERNMENT REVEALS PLAN TO COMBAT INFLATION

Stockholm DAGENS NYHETER in Swedish 21 Apr 83 p 6

[Article by Dick Ljungberg: "The Government's Second Step--War Against Inflation"]

[Text] The government recommended on Wednesday that an additional 2.7 billion be invested in jobs, increased energy taxes and a revision of the dwelling tax. A ceiling of four percent will be put on compensation for price increases during 1984, and four percent is also the government's definite goal for inflation. In the so-called second step in the Palme government's economic policy the fight against inflation stands at the center.

The favorable effects of devaluation must be protected.

At a press conference on the so-called supplementary government bill, Minister of Finance Kjell-Olof Feldt shed some light on the economy compared with the calculations which were presented in January. It concerned growth, investments, export and inflation, among other things.

But the large basic problem remains. If the deficits in the trade balance and the national budget are to be reduced at the same time as growth and employment are held up, inflation must be brought down to the same level as in our most important competitive countries--meaning 3-5 percent.

In the proposal--calculated some days previously--which the government presented on Wednesday, there are four main components:

Assumptions

- Investment of a total of 2.7 billion in jobs.
- Financing tax reform in 1984 by increased energy taxes. By increasing taxes on 1 July of this year, the government will pay part of the cost of more jobs.
- A ceiling of four percent in 1984 for compensation for price increases.
- Revision of business taxes.

The government is now urging all groups in the society to hold inflation next year down to four percent instead of the approximately 10 percent which has been the case for a long time.

And the conditions for getting inflation down now are better than they have been for a long time, said Feldt. The international price development is going down, inflationary pressure in Sweden is low, and the after-effects of the labor agreement in 1984 will be significantly lower than this year.

The 1984 agreement must come down to a lower level than previously. Increased energy tax instead of employer fees to pay for tax reform next year are expected to hold back wage cost increases. In order to dampen down wage glide resulting from good profits this year and next, it is recommended that the obligatory allotment of 20 percent of the profit be retained also next year. The government also is warning firms against "unacceptable" price increases--against which steps would be taken.

Expectations of inflation must be broken, and it is there that the four percent ceiling on price compensation in 1984 comes into the picture. Price compensation--so-called indexing--is common within the Swedish economy.

And index regulating is largely built on the idea that inflation is inevitable and therefore it is appropriate to adjust to it and limit its damage rather than to fight it, writes the government.

Pensioners will not be affected by the four percent ceiling in 1984. The pensions for that year will be decided by price developments of 1983, but with a deduction for the effect of devaluation, which is calculated at four percent.

Public expenditures which on the other hand can be affected by the ceiling are educational grants, advance contributions, acquisition appropriation, foreign aid, housing loans, agricultural price regulation, etc.

But many of these expenditures are tied to agreements and laws, which take a long time to change. The agricultural agreement, for example, runs out on 1 July 1984 and the defense price index was fixed as recently as late last year.

Therefore the four percent ceiling can accurately be seen as an exhortation from the government to all groups to join the fight against inflation.

The ceiling is not intended to save money by reducing the value of different benefits and the amounts which are tied to the existing index, it is promised. The value of these does not decline if inflation is held down to the desired level.

At the press conference Feldt would not disclose what would happen if the government did not succeed in reaching four percent. The four percent ceiling is only intended for 1984. The government has not taken a position for 1985, he said.

The budget deficit 1983/84 is calculated to be about 90 billion. But the long term budget shows that if nothing is done the deficit will be 101 billion in the following budget year, and 120 billion in 1987/88. Most of that depends on the unknown interest on the national debt. The goal for next year is to hold the deficit to 90 billion.

Therefore automatic expenses must be broken by indexing. Savings reviews are taking place also in the Ministry of Finance in a number of areas. Most comprehensive are in the social policy, educational policy, housing policy and agricultural policy areas.

In the budget year 1984/85 state authorities can not count on new services, and authorities will be compensated only for inflation minus two percent-- in the best case.

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LIBERAL DAILY EXPRESSES SKEPTICISM TOWARD PALME ECONOMY PLAN

Stockholm DAGENS NYHETER in Swedish 21 Apr 83 p 2

[Editorial by Svante Nycander: "The Sick Man"]

[Text] Thanks to a new powerful dose of devaluation morphine, the patient feels much better. Now we have laid the foundation, says the doctor. It is time for "the second step," the weaning.

Kjell-Olof Feldt's new financial plan deals almost exclusively with the fight against inflation. In most large and pace-setting countries the rate of inflation today is between three and five percent. In order that our ability to compete will not again be weakened we must bring our inflation down to the same low level. The government says its goal is four percent.

During most of the postwar years prices in Sweden have risen at the rate of international inflation. Four percent per year was the normal rate in the 60's. It is therefore a rather natural goal which the government has set. It should be realistic.

Declining oil prices and a beginning business upturn make for a favorable start. There is a large unused capacity within business, which can bring about lower costs. With increasing productivity the cost per production unit should decline.

In order to dampen cost increases in 1984 the government will refrain from a planned increase of employer fees on 1 January, intended to finance the second step in income tax reform. Instead the energy tax is being raised. Through "deindexing" the government will break the automatic expenses and reduce inflationary expectations. In the future compensation will only be given for price increases up to four percent. That depends on, among other things, defense costs, foreign aid, housing loans and agriculture.

These are the main components. Beyond that the finance plan does not say much about how inflation will be fought, more than what any government would say.

The direction is correct, and the recommendation to exchange the employer fees for an energy tax is welcome. Sweden is a lot-tax country in the area of energy. The oil price reduction should be used entirely for improving our balance of trade, which means that the prices on the Swedish market must be kept up. Energy saving must not be jeopardized.

The Center and Liberal Parties have today no obligations about financing income tax reductions. But it would be wise of them not to say no to increased energy taxes. They have previously in principle approved employer fees as a method of financing reductions of income tax. When the government now recommends a less inflation-causing method the chances are increased that income tax reform will depend on its real contents.

On Wednesday the entire opposition rejected the recommendation for an energy tax increase beginning 1 July. We hope for a reconsideration! The Center and Liberal Parties should not say no to something which the middle parties should have recommended in the same situation.

Feldt explains pedagogically and convincingly why the government must now stop the increase of state expenditures. The task of pressing down inflation puts definite limits on the possibilities of increasing taxes, he points out. Because of automatic expenditures, "significant measures are needed just to prevent the budget deficit from rising."

What measures? We get only vague signals about that. The recommendation for deindexing--limiting inflation compensation to four percent--is not in principle a savings measure. If the government is to succeed in reducing inflation to four percent there will be no savings in real terms, meaning the gap between state income and expenses will not be affected.

But that situation is only theoretically conceivable. Without large real savings in the budget an inflation goal of only four percent is not credible. In order to have a chance to succeed the government must make cuts which will be strongly perceptible even with low inflation.

The basic problem therefore is unsolved. In the "War of the Roses"--between the expanders and the contractors within the labor movement--Kjell-Olof Feldt will be the intellectual victor, but he will not succeed in conquering my territory. In his dealings he is contributing to a record expansion of expenditures, which are increasing liquidity and the danger of inflation. The minister of labor could yesterday proudly report that the government is investing 1.1 billion in new measures for employment.

The patient is much worse than he knows. The weaning cure keeps growing.

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FINANCE MINISTER'S REVISED ECONOMIC OUTLOOK MORE OPTIMISTIC

Stockholm DAGENS NYHETER in Swedish 21 Apr 83 p 6

[Commentary by Jan Magnus Fahlstrom: "A Bright Future?"]

[Text] The picture of the Swedish economy which the finance minister gives in his revised financial plan is a little brighter than that which we received in January. As shown in the table herein this applies both to the prognosis for 1983 and the summation of how things went last year.

With a more certain foundation than in January for judging what happened toward the end of 1982, the decline in the GNP is reported to have stopped at 0.1 percent compared with 0.7 percent. Investment (except for industry) did not decline as much as we thought. Private consumption and export were better, and domestic demand finished on the plus side.

Although "entry values" for 1983 are higher than in the January prognosis for that year, the new fixtures contain overall an upward revision of expectations. GNP continues to grow by 1.8 percent from 1982 compared with 1.4, export by 6.6 percent compared with 6.2, etc. The decline in investments, private consumption and domestic demand is less than in the preliminary estimates.

The picture is the same when one views the figures which are not included in the table. The increase in industrial production during 1983 is now set at 3.7 percent compared with 3, the deficit in the trade balance is believed to stop at 18.8 billion kronor compared with 20.5, and average inflation for the year at 9.5 percent compared with 11.5.

It is not a matter of any drastic changes. What the finance minister has ventured to do is make a careful recalculation in a positive direction.

This was caused by a number of cooperating factors. The favorable effects of devaluation in October seem to have taken hold with unexpected speed. Negotiations on the 1983 wages--which are certainly not entirely completed--have from the viewpoint of the social economy largely corresponded with expectations. Oil prices and interest rates have declined, inflation abroad has declined, and signs of a business upturn have appeared.

Fortunate Start

All this cooperates to bring the government's multistage program to get the Swedish economy on its feet to a fortunate start. Bjt Kjell-Olof Feldt is the first to dismiss all illusions that the battle has been won.

With powerful words he paints the destructive effects on unemployment, the social economic balance and social justice which will arise if we do not succeed in stopping inflation--with the immediate goal being to bring it down to four percent during 1984.

"Deindexing" of expenses and costs which previously were tied to prices, energy tax instead of increased employer fees, economy with state expenses and other steps which are reported in the supplementary bill will create the favorable motivation that will contribute to the fight against inflation.

It is difficult to find sound objections to any of that. Kjell-Olof Feldt once again advances the convincing argument that reduced budget deficits are a necessary step in fighting inflation.

But at the same time he shows the most uncertain card in the government's economic program. He is proud that the deficit in the 1983/84 budget according to his calculations is not going to be greater than this year's, in spite of the large investments in the jobs policy.

Larger Deficit

Regardless of how urgent these investments may be, they weakened the year's budget by about 14 billion and made the 1983/84 deficit much larger than it otherwise would have been.

The so-called long term budget shows drastically increased budget deficits during the rest of the 1980's. Kjell-Olof Feldt firmly states that it will not be so, that the trend will be broken by severe cuts on the expenditure side of the budget.

But when it comes to speaking about how that can happen without affecting employment in different ways, the finance plan suffers from a worrisome lack of specifics. When the finance minister persistently denies that an anti-inflation policy is in any way in conflict with the "overriding goal of fighting unemployment," he is unfortunately making it easy for himself.

The table below gives the balance of resources 1982-83 according to the revised financial plan. The figures within parentheses are from the financial plan in January. Percentage volume changes from the preceding year:

Item	1982	1983
GNP	- 0.1 (- 0.7)	1.8 (- 1.4)
Import, goods and services	4.9 (- 4.3)	1.8 (- 0.1)
Resources	1.0 (- 0.5)	1.8 (- 1.1)
Gross investments	- 2.5 (- 4.2)	- 0.6 (- 2.8)
Business	- 4.5 (- 8.4)	- 3.6 (- 6.4)
Industry	-16.7 (-15.9)	- 5.0 (- 5.0)
State authorities & corporations	11.5 (- 14.5)	12.5 (- 4.0)
Municipalities	- 4.6 (- 5.2)	- 1.1 (0.0)
Housing	- 4.4 (- 4.5)	- 1.6 (- 2.2)
Inventory 1)	- 0.4 (- 0.4)	0.6 (- 0.7)
Private consumption	1.3 (- 0.7)	- 1.5 (- 2.4)
Public consumption	1.2 (- 1.3)	1.4 (- 1.3)
National	- 2.7 (- 3.2)	- 1.8 (- 1.8)
Municipal	2.9 (- 3.3)	2.8 (- 2.6)
Domestic demand	0.1 (- 0.5)	- 0.1 (- 0.7)
Export, goods and services	3.8 (- 3.2)	6.6 (- 6.2)
Total demand	1.0 (- 0.5)	1.8 (- 1.1)

1) in percentage of previous year's GNP

9287
CSO: 3650/165

BO EKMAN SEEN POSSIBLY REPLACING GYLLENHAMMAR AT VOLVO

Stockholm 7 DAGAR in Swedish 8 Apr 83 p 2

[Article by Mats Gezelius: "The Prompter Who Helps Gyllenhammar See Into the Future"]

[Text] As head man at Skandia in the 60's, Pehr G. Gyllenhammar arranged for the company to hire a young and promising academician: Bo Ekman.

At the beginning of the 70's, when P. G. Gyllenhammar reached the top at Volvo, he arranged to place a new name on the pay list: Bo Ekman.

At the beginning of the 80's, Gyllenhammar went into politics. A longtime member of the Liberal Party, he quickly stepped up his investment: Bo Ekman.

This week Gyllenhammar was in Paris as host for the top levels of European industry. The stage manager for the top-level meeting was Bo Ekman.

Wherever P. G. Gyllenhammar is, Bo Ekman is also. Wherever Bo Ekman is, there also is P. G. Gyllenhammar.

Take the Leader's Chair?

Many believe that the only thing which, within the foreseeable future, will be able to separate the two would be if P. G. Gyllenhammar leaves Volvo for a high international position. And that Bo Ekman is following in his footsteps, but after a quick step up will stop and settle down in the managing director's chair left by Gyllenhammar.

If that happens it will not be because Bo Ekman proved to be an expert at managing production and distribution of Volvo cars. One hopes that these things are accomplished by other directors in the country's largest industrial firm.

No, to be the managing director of Volvo means dealing mainly with seeing into the future, to discover visible threats and possibilities, to formulate strategy. That is what Bo Ekman is already doing today.

As head of the planning division at Volvo, it is Bo Ekman's job to look into the future. To help him he has, among other things, the country's foremost data bank, which he can call upon at any time for information on world economic and political developments: The record deficit in the budget of the United States. What does that mean for Volvo? New economic signals from the French Government. New proposed laws from the Swedish Government. Protectionist currents in the United States and the EC. OPEC facing break-up... All great events, tendencies and currents can affect Volvo's future. It is Bo Ekman's job to find out how.

With that background it is perhaps not so surprising that it was Bo Ekman who was cut out to write the report of the Liberal Party's damage assessment commission, in which Pehr G. Gyllenhammar was the most prominent member. Or for that matter, that the report contained a lengthy section which placed the little Liberal Party's crisis in a global economic and political perspective...

Verbosity is not otherwise a characteristic of Bo Ekman. Neither in person nor in writing. One of his strong traits is considered to be that he can summarize a day's discussions or a brewing international crisis on an A 4.

It is that kind of quality, plus that he reasons, thinks and speaks like his highest chief, that made him Gyllenhammar's permanent shadow, sparring partner and prompter. A role which he carries out, however, in such an inconspicuous way that he seldom appears in newspaper columns, unless it is "Who is that?"

But Bo Ekman is more than...

When Bo Ekman's father first discovered politics, the latter had begun an elegant academic career in Uppsala, where in 1967 he was a candidate for a university doctorate with a dissertation entitled, "The Real Organization. Building Blocks in Recruiting Key Personnel for Swedish Daughter Companies Abroad."

When Bo Ekman joined Volvo's planning division in 1971 he had been for a time a lecturer at Uppsala, and had a very short stint as visiting professor at Yale.

Bo Ekman's father, a Uppsala townie where he was born 44 years ago, is where his father Henrik will mate and later pasture in the half-trillion dollar Volvo.

Now Bo Ekman lives in Onnered in southwest Goteborg together with his wife, three children, and teenage daughter-in-law.

CLOSER TURKISH-U.S. TIES SEEN IN OPIC VISIT

Istanbul TERÇUMAN in Turkish 20 Apr 83 p 5

[Article by Nur Batur and Nursun Erel]

[Text] Ankara (TERÇUMAN) -- In addition to the political cooperation which has occurred in recent years between Turkey and the United States, "close cooperation" is proceeding in the economic arena as well. OPIC [Overseas Private Investment Corporation] Chairman Craig A. Nalen is reportedly coming to Ankara in early July.

The American administration has confirmed, as the result of studies of the Turkish economy conducted for a period of time through the firms concerned, that the Turkish economy has stabilized through implementation for the past 3 years of the 24 January decisions and it has decided that Turkey has become "a risk-free country" economically.

According to American economic circles, IMF and World Bank reports on the Turkish economy were instrumental in the administration's reaching this decision. The same circles report that the administration is encouraging American firms to increase their investments in Turkey and to go ahead with new investments.

OPIC Chairman Coming

As the U.S. administration's first official step in this direction, the OPIC chairman will lead a delegation to Ankara in early July consisting of investment business representatives. The semi-official organization has reportedly had studies of the Turkish economy in progress for some time and "has included Turkey among the countries where investments may be made" for the first time. OPIC will guarantee a total investment "to be no less than \$100 million" in Turkey in the first phase, according to information obtained from American sources. Authorities say that official announcement of this decision is expected after the OPIC chairman's visit to Turkey.

OPIC Power

Noting "OPIC's powerful influence on American firms," officials say that many U.S. firms will begin investing in Turkey after announcement of this investment guarantee. Also noting that the agricultural sector will take priority in these investments, they said, "Investing in Turkey can be profitable for foreign firms

because Turkey has great potential. Labor costs are lower than in other countries. Other significant areas for investment in addition to agriculture seem to be the electronics industry and the export-oriented intermediate and investment goods industry."

Turkey Must Be Economically Strong

Indicating that Turkey must be economically strong, American sources say:

"Turkey's importance within NATO is growing every day. Strengthening the south-east flank of NATO depends on strengthening Turkey. Looking at it from this standpoint, the administration sees a need also to reinforce the desire of the American private sector to invest in Turkey. Investments in Turkey could be directed towards either exports or the domestic market. The important thing is to preserve Turkey's status as a strong state in the Middle East."

Turkey's unemployment problem could be resolved to an extent by these investments also, say the same sources.

Turkish Week in New York

Meanwhile, the Turkish Union of Chambers is arranging a Turkish Week in the United States to emphasize various Turkish food products and industrial products, including textiles. More than 100 firms are expected to participate in the week, which is to begin on 1 June in New York.

The Turkish government has been prompted by the continuing feud with the EEC over textiles to begin measures intended to open up to American markets, especially in ready-to-wear. Application of a shipping subsidy in excess of 50 percent has begun, bearing in mind the high cost of shipping, in order to increase textile exports to the United States in accordance with the decision adopted by the Turkish government. Noting that it will be up to the private sector from now on to make the most of this market as to quality and amount, officials said that "all measures necessary for reducing Turkey's dependency on EEC markets for the future will be taken and implementation will begin soon."

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ARMAGLU REVIEWS COURSE OF TURKEY-EEC DISPUTE

Istanbul TERECUMAN in Turkish 30 Mar 83 p 5

[Text] The controversy between Turkey and the EEC that has been going on since last summer now seems to be taking a new form.

We must first point out that Turkey, in dealing with this problem, has taken a compromise position. Having initially opposed any limitation and having insisted that this limitation contravened the association agreements, Turkey has now abandoned such insistence and is trying instead to keep the limiting quota at the highest possible level. We cannot say that there is much hope this will happen.

Secondly, while Turkey wanted these disputes addressed at the ministerial level of the Association Council, it now seems that negotiations by ambassadorial-rank participants have been accepted.

Finally, Minister of State [Sermet Refik] Pasin has demonstrated just how much our expectations with regard to the EEC have been dimmed, by the recent encouragement he has given to opening up American, Middle Eastern and African markets for our textile industry.

Turkey's decision to accept the setback at EEC hands might have been considered prudent had it been motivated by a concern to avoid complete severance of economic and diplomatic relations with Europe for their maintenance, instead, at a specific level. But our relations with the nations of Europe have deteriorated, one by one, and we have to say that there is little overall optimism about any improvement of relations with Europe in the future.

We should point out, first of all, that Turkey's current dispute with the EEC is basically not over economics but over politics. The economic problems are merely a front for differences in political outlook. At a meeting held recently in Brussels to debate the textile issue, they were still arguing about whether Turkey is a democracy--perhaps the clearest indicator of the problem. But what is so sad is that these nations, while talking about justice, legality, human rights, democracy, etc., have no objection to an abrupt sidetracking of agreements bearing their own signatures, so as to force Turkey to accept their own political views. Or they convert these agreements into a means of political blackmail.

There are some problems that simply cannot be solved overnight, such as Germany's problems with the Turkish laborers; the severe chill in Turko-French relations over the issue of Armenian terrorism; our textile controversy with England; complaints lodged with the European Human Rights Tribunal, in which some of the smaller EEC nations side with France; and our perpetually strained relations with Greece. Such being the case, it looks as though the door will be closed for quite some time to good relations with Europe as personified in the EEC. Thus, it is to be hoped that there will be no change in the format of Turkey's economic policy nor in that of Turco-European economic and diplomatic relations. To achieve this, our European friends hopefully will adopt an immediate policy of reason and understanding. Turco-European relations must not be used as a "guinea pig" for a series of illogical experiments.

7573
CSO: 3554/227

JOINT PROJECTS EYED WITH IRAN, MALAYSIA, HUNGARY

Istanbul DUNYA in Turkish 12 Apr 83 p 1, 7

[Text] Ankara--Trade talks between Turkey and Iran and meetings of the Turkish-Malaysian Joint Economic Commission began yesterday in Ankara. Moreover, the Hungarian Contractors Delegation also started discussions in Ankara yesterday. Mehmet Yazar, president of the Administrative Council of the Union of Chambers, gave a talk at a dinner in honor of the visiting Iranian delegation, in which he said: "I believe that Turkish contractors, engineers, industrialists and managers will be contributing to Iran's reconstruction efforts."

Kocak says "We can be partners"

At the same time, Nurettin Kocak, president of the Turkish Contractors Union, said at a meeting with the Hungarian Contractors Delegation, in Turkey as his guest, that "Because of lower oil prices, Turkish contractors and socialist countries can jointly come up with interesting proposals."

Talks between Turkey and Iran begin at the Foreign Affairs Ministry

The first phase of studies seeking to establish a funding base for the 1983 trade between Turkey and Iran began yesterday at the Foreign Affairs Ministry. At the meeting with the visiting trade delegation which was headed by Veliullah Sseyt, deputy counsellor of the Iranian Ministry of Commerce, Turkey was represented by officials from the Ministries of Energy and Natural Resources, Industry and Technology, Communications, and Foreign Affairs, headed by Ozger Akad, deputy counsellor of the Ministry of Commerce. The goal of these preliminary exercises which continued at the Turkish Union of Chambers after the meeting at the Ministry of Foreign Affairs, is to increase export to Iran in 1983 to 1 billion dollars.

Meeting at the Union of Chambers

A meeting was arranged yesterday afternoon at the Turkish Union of Chambers with officials from the union and businessmen. Addressing the meeting, Mehmet Yazar, president of the Administrative Council of the Union of Chambers, noted that the trade volume between Turkey and Iran was increasing at a very fast rate, but that some problems still remain in the area of transportation and banking. Yazar pointed out that currently 150 different products form the base of exports to Iran, adding that Iran could easily increase her share from among the 1,800 different export items Turkey offers.

Until the Joint Economic Commission's meeting, expected to convene on April 16, the trade delegation, made up of members of the Procurement Bureau which is attached to the Iranian Ministry of Commerce, and the Ministries of Energy and Finance, will be discussing technical aspects with Turkish authorities regarding transportation, industry, energy, customs problems and banking, and thus prepare the infra-structure for the joint commission's work.

Minister for Heavy Industry to arrive

Meanwhile, Behzat Nabavi, minister for the Iranian Heavy Industry, is expected to arrive in Ankara in the next days to participate in the meetings on April 16 of the Joint Economic Commission. In these meetings, Turkey will be represented by a delegation headed by Kemal Canturk, the Minister of Commerce. Topics to be discussed at these meetings in addition to the outcome of the preliminary talks with the trade delegation, are promotion of joint industrial projects, solving transportation problems, and Turkey's technological assistance to Iran, as well as possible cooperation in forming a Turkish-Iranian engineering and consulting firm.

Talks with Malaysia

Meetings of the Turkish-Malaysian Joint Economic Commission also began to take place yesterday in Ankara. Malaysia's participating delegation in the Joint Economic Commission is headed by Tan Sri Datuk Zakaria, general secretary to the Ministry of Foreign Affairs, while Turkey is represented by Ambassador Ercument Yavuzalp undersecretary of the Ministry of Commerce.

In the meetings of the Turkish-Malaysian Joint Economic Commission, talks will deal with adjusting the trade volume which consistently displays an unbalance in favor of Malaysia, and creating job opportunities for contractors.

Hungarian contractors

Talks between the Hungarian Contractors delegation, in Turkey as guests of the Turkish Contractors Union, and Turkish contractors also started yesterday in Ankara.

Nurettin Kocak who spoke before the talks started, said that a Turkish delegation of contractors went to Hungary in April of 1982, but that nothing came out of the talks then. Kocak added that the fact that a large delegation from Hungary is here now clearly signals that many Hungarian companies would like to cooperate with Turkish companies in deals in mainly the Middle Eastern, as well as other Third World countries. Nurettin Kocak said further that lower oil prices could hurt Turkey's job opportunities abroad, yet it could also present an advantage to Turkey, explaining:

"Hungary, to sell her own machinery, electrical and other industrial products, could consider supplying credit. In the coming days, even more interesting proposals might emerge for business ventures in Third World countries by joining forces with the East Block.

On the other hand, Pete Lorincze, head of the Hungarian delegation and general secretary of the Hungarian Chamber, said in his talk that they wanted to co-operate with Turkish outfits in Third World countries, adding that for joint ventures they would be in a position to supply mechanical equipment, hospital equipment, energy-related knowhow, irrigation plants, and complex illumination systems.

MIDDLE EAST JOB OPPORTUNITIES DWINDLING

Istanbul DUNYA in Turkish 12 Apr 83 p 3

(Text) Ankara-- It is maintained that Middle East job opportunities for Turkish workers are dwindling because of availability of low-cost South East Asian labor.

The report, prepared by a commission appointed by the State Planning Organization to do preliminary studies for the five-year development plan, states that there are at present a total of about 180,000 Turkish workers in Libya, Saudi Arabia, Iraq and other Arab countries, with Libya heading the list. The length of stay in these countries varies between 2.5 and 4 years, depending on the projects involved. The report further noted:

"Factors preventing further entry of Turkish labor into Middle East markets are, first of all, expenses of middlemen and socio-cultural expenses. Regarding wages, Turkish workers are at a great disadvantage compared to workers of Asian extraction. Workers coming from South East Asian countries are willing to work for very low pay because for the most part, they consider it a way out of destitution. An unskilled Turkish laborer, for instance, wants \$300 per month, whereas Pakistanis will work for \$193, and Phillipines for \$208."

Common problems faced by Turkish workers in North African and Middle Eastern countries are summed up in the report:

"Problems include the following: difficulties in transferring worker savings home; the lengthy process for exit formalities in these countries; lack of supervision of working conditions; unfair and one-sided termination of contracts by some employers; forced signing of revised contracts which do not include provisions agreed to previously in Turkey; forcing to work in lower-skill jobs outside of field of qualification; below-standard room and board; payment of lower wages; excessively late payment of wages; restrictions on job changes; serious difficulties in transferring earned benefits home."

The report stresses that in contracts drawn up by the Labor and Employment organization for workers going to countries with which there are no formal labor agreements, great emphasis be placed on the subject of minimum wage, noting:

"We must study labor markets in Libya and the Middle East as well as subjects such as employment terms and social security which are closely related to labor export, and redefine our workforce policy towards these countries." Further included in the report are these suggestions:

"Since the labor agreement with Libya was drawn up with West European standards in mind, the agreement should be re-examined in light of conditions existing in Libya and experiences obtained from practices up to now. Based on the experience of the Libyan agreement, we should start drawing up feasible agreements, compatible with arrangements in the Middle East, particularly Saudi Arabia. Where this is not possible, mutual protocols must be established. At the same time, we must develop a setup which will follow closely overall developments in oil-rich countries and anticipate their labor needs."

The report notes that diplomatic relations with countries receiving a substantial amount of workers must be expanded, suggesting further: "Provisions should be made to arrange for direct contact with labor organizations in Arab countries and to establish guidelines for the private sector to organize this year."

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CSO: 3554/249

WORKER-CIVIL SERVANT DISTINCTION TO BE EYED

Istanbul MILLIYET in Turkish 5 Apr 83 p 8

[Report by Umit Gurtuna]

[Text] Ankara--It has been learned that Turk-Is [Turkish Confederation of Labor] will reject the entire package of changes included in the government's draft bill in connection with the distinction between workers and civil servants at a meeting to be held today between the government and Turk-Is.

The work of the Legislation Commission, which consists of seven Turk-Is administrative council members headed by the Turk-Is general training secretary, determined that the government's draft bill is of a nature that hurts union rights in Turkey. When the Turk-Is Executive Council took up the issue at a meeting headed by Turk-Is leader Sevket Yilmaz, it, too, endorsed the views of the Legislation Commission.

According to views formulated by Turk-Is, the changes that the government wants to bring into Law No 657 contain provisions that contravene conventions 87 and 98 of the ILO to which Turkey is a signatory. According to these conventions, which have been endorsed by Turkey, all employed persons, not just workers, should have the right to organize through unions and to protect their interests through collective bargaining. These conventions give the right to form unions even to members of the armed forces and security organizations.

It has been learned that Turk-Is expresses in its views that it does not understand the reasons behind the proposition that the status of 500,000 of the 900,000 public employees be changed to "civil servant." The Turk-Is views also say that in the past several governments tried to bring distinctions between workers and civil servants but that none of these attempts succeeded.

The Turk-Is views state that the transformation of the public work force into civil servants on such an extensive scale would have adverse effects on the democratization process in Turkey and that such a destabilization of labor peace may lead to major problems in the future.

The Turk-Is views, which will be submitted to the government in the form of a report today, further state that the proposed changes to Law No 657 will not end at turning 500,000 workers into civil servants and that they will give a new dimension to the presence of the public sector in the economy. According to the Turk-Is views,

one consequence of employing workers in organizations with "rotating capital" would be that all public organizations would work with the aim of "turning a profit" and that public organizations which do not turn a profit would have to be replaced with private sector organizations. The Turk-Is views state that under those conditions the government's role in the economy would have to be reviewed and that that could raise serious problems for Turkey.

The Turk-Is views further note that while the proposed changes to Law No 657 would redefine the term "civil servant" they would also suspend the definition of the term "worker" as stated by Law No 1475 and that this would bring many drawbacks with it.

The Turk-Is report also includes views concerning the articles which will be affected by the proposed changes. However, these views were organized as grounds for the rejection of the entire package of proposed changes.

The Turk-Is views will be submitted to Deputy Prime Minister Zeyyat Baykara today by a delegation led by Turk-Is leader Sevket Yilmaz and consisting of members of the Executive Council and the Administrative Council.

9588
CSO: 3554/235

LIQUIDITY CRISIS HAVING NEGATIVE IMPACT ON TURNOVER

Istanbul DUNYA in Turkish 5 Apr 83 pp 1,7

[Text] The shortage of cash in the market has assumed proportions that are having adverse effects on business turnover. The banking sector has been affected worst by the liquidity crisis. It is reported that the large amounts of money withdrawn from the market in the first three months of this year are having a negative effect on business life and that the 3-day hold that will be imposed on undeclared wealth during the renewal of declarations of wealth will shrink the market even further.

Noting that the amount of money withdrawn from the market between the beginning of the year and 18 March rose to 67 billion Turkish liras, business circles state that the problem will become intolerable when the payment of the first installment of income tax becomes due and the hold on undeclared wealth is imposed and that the Ministry of Finance must readjust the money emission rate in accordance with the needs of the economy.

Meanwhile, bank officials say that, in addition to shrinking business turnover, the reduced money emission rate has led to major cash-flow problems for the banks. To alleviate this situation within the system, these officials propose that blocked funds held by the Agricultural Bank be shifted to other banks as bank deposits.

Stating that an outflow of funds from the banks as a result of the renewal of declarations of wealth is inevitable, bank officials say that this situation will make the market shrink even further. Bank officials claim that the provision that a hold will be imposed on all sums of money not declared anywhere during the time of the renewal of declarations of wealth will create a demand in the market for the usable deposits of deposit holders who will not declare their wealth and that these deposits may be used as cash in certain declarations of wealth on 15 April.

Emission Rate Reduced by 55.5 Billion Turkish Liras as of End of March

In January, the money emission rate dropped by 57 billion Turkish liras, from 542.7 billion Turkish liras at the beginning of the month to 485.7 billion Turkish liras at the end of the month. The reduction in the emission rate reached 67 billion Turkish liras by 18 March, but 11 billion Turkish liras injected into the market in the last week of March meant that the money emission rate had dropped by 55.5 billion Turkish liras since the beginning of the year as of the end of March. It is reported that the emission rate was reduced in order to conform to certain limits envisioned by the agreement signed with the IMF.

Cash Collected at High Interest Rates

Noting that the first installment of the income tax must be paid by 15 April and that the hold on funds in connection with declarations of wealth will also be imposed on 15 April, business circles state that the cash shortage may assume intolerable proportions in the coming days. Stating that the contraction observed in the wholesale markets has had an impact on business turnover, businessmen claim, for instance, that the cash shortage has gone as far as causing price drops in the yarn market. Officials state that many individuals who will have to renew their declarations of wealth have started borrowing money at high interest rates in the usury market as a result of the cash shortage and that this may lead to new undesirable consequences for the economy.

What Is the Solution?

Business circles and bank officials say that Agricultural Bank funds--if not higher emission rates--can be used as a first measure to resolve the current cash shortage problem. Stating that an outflow of funds from the banks--even if only to a limited extent--is inevitable as a result of the hold to be imposed, bank officials say that the transfer of funds which will be accumulated at the Agricultural Bank and which cannot be blocked to other banks can ease the problem.

Bank officials claim that the transfer of unblocked public funds and blocked funds to be accumulated at the Agricultural Bank to other banks in the form of deposits is a practical and easy way of resolving the problem within the banking system. The officials said that rechanelling these funds--which are bank funds in reality--back into the market will make it possible for the market to operate without problems.

Reasons of the Reduction in the Emission Rate

As is known, the emission rate was increased in the days following the collapse of Banker Kastelli in order to relieve the banking sector. The emission rate continuously increased starting with 394.4 billion Turkish liras in May 1982. By September 1982, the emission rate had risen to 524.4 billion Turkish liras but it was held at 515 billion Turkish liras in October and November. In December the emission rate rose sharply by 28 billion Turkish liras to 542 billion Turkish liras and was deliberately reduced in the first three months of this year. That reduction amounted to 55.5 billion Turkish liras as of the end March.

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CSO: 3554/235

BANK BILL DEBATE FOCUSES ON CREDIT BARRIERS

Istanbul CUMHURIYET in Turkish 6 Apr 83 p 9

[Text] The new Bank Law bill will be debated at a meeting of the Executive Council of the Bankers Union called by Finance Minister Adnan Baser Kafaoglu. The bank directors have objected to certain provisions of the draft, it has been learned, and they have made some recommendations. It has been announced that the results of this meeting will determine the final form of the draft law prepared by the Finance Ministry. High level officials of the Central Bank and the Treasury's General Secretariat are expected to attend the meeting which will be held in the Finance Minister's office. It has been learned that at the meeting Kafaoglu will carefully and completely review the adjustments that the draft law is intended to bring to the banking domain and that he will listen to the "opposing views and recommendations" of the bank directors.

The Finance Ministry is said to be insistent on the draft law but that on questions of detail, it can take into consideration the bankers' views.

A large percentage of the bankers are known to be opposed to the articles of the law regarding deposit insurance and credit limitations and most of their objections are centered on these provisions.

There will be criticism of the provision in the draft that credits opened involving more than 5 percent of the banks own resources cannot comprise more than 50 percent of the total bank loans. A second point to come under fire, it has been learned, is the provision that cash credits extended on 1 percent of the bank's own resources cannot be less than 30 percent of the total loans.

It is known that the proposal the bank directors are expected to make on this subject will be to ease these limits. It has been learned that the banks will oppose these provisions with the argument that, "The volume of large loans will not bear the restrictions and there will be problems in finding capital for the investments to be made."

Furthermore, there is the matter of the bankers asking, "What will become of the loans made in accordance with the existing law but which exceed the limits which are planned to be imposed?" It also has been learned that the bank directors, arguing that keeping the provisions of the law exactly as they are now

"will create the problem of liquidating the loans made earlier," will ask, "How is this liquidation to be made?"

Seen as another argument in the bankers' objection to this provision is the uncertainty, because of the liquidations, about what sources the organizations granted loans will use to repay the banks."

12280
CSO 3554/252

STABILITY IN ENTERPRISE CONVERSION TO CORPORATION

Istanbul TERECUMAN in Turkish 20 Apr 83 p 11

[Article by Mukbil Ozyoruk: "Incorporated Enterprise Will Not Go Under"; passages enclosed in slantlines printed in boldface]

[Text] The title I chose for this column is from comments made at the conference of the "Union of Turkish Chemical Industry Employers" on 15 April last by the renowned Mr Vehbi Koc, who retains his position as one of our country's largest businessmen but will no doubt always preserve this reputation in his capacity as the "first of the big-time entrepreneurs."

Vehbi Koc says, "The incorporated institution (enterprise) will not go under." Any private enterprise whatsoever with the know-how to "institutionalize itself" and become a "corporation" /will not go bankrupt/ [capitalized]. One should not by any means take the dictum "will not go bankrupt" here in the absolute sense as the expression of a certain fate or object to it on that basis.

One should not be so picky as to say, "Plenty of institutions have and can go bankrupt all right." What does "institutionalization" mean? If you know that, then you have a good idea of what Mr Vehbi Koc is talking about.

I have never worked for Mr Vehbi Koc or in any of his institutions. He was chairman or vice chairman for almost 7 years of the board of directors of the Eregli Iron and Steel Factories Inc, where I was once chief legal advisor, though. I saw him and became acquainted with him there and I heard his /opinions/ on many topics and problems and learned a great deal from these opinions. Mr Vehbi Koc had a lot to say in sharing with those around him the "wisdom" he had gained from /life and extensive experience/. As for me, I was content merely to "listen and learn." If there were any with the "know-how" to take advantage of it and apply it, though, they certainly owe him a debt of gratitude for an "education" in business life.

Some people hate Mr Vehbi Koc. If not for "competitive reasons," then out of jealousy of his success. But it cannot be denied that Vehbi Koc became and continues to be a /success/ thanks to "institutionalization."

A comparison of Turkey and the leading "industrialized, developed" Western nations will demonstrate how true what he says is. How many "institutions" can you count in our country which have outlived "one particular entrepreneur"? Only

a few. In contrast, look at the West; England, for instance. There is no need to dig into the records. All it takes is a walk down a busy London street, observing the signs...or a close look at the labels on many British products. You see how many /establishments/ have been in existence since seventeen-hundred-something. The founder himself, or perhaps even his grandson's grandson, is no longer living, or if he is, has nothing to do with the business. But the "institution" lives on with the same or an enhanced reputation. Let alone going under, it has prospered and sent out branches, the people having grown up in it, learning commercial expertise and immersed in the excellence of its brands and products from childhood. The reason: /Institutionalization/. Returning to our own situation, an entrepreneur emerges, establishes a "business," works hard day and night to make himself and his business known. He earns money, gains respect and trust, becomes famous and wealthy. But when he dies, everything is wiped out, his business goes to ruin and disappears. The reason: /Lack of institutionalization know-how/.

To us at present a "business" is usually the "life and work of the founder-entrepreneur." In the West, the founder-entrepreneur himself retires and steps aside while he is still living, but the /business goes on/.

This is because it has been "institutionalized." The businessman spends his old age at home on his country estate with only one thing to occupy him: the ups and downs of his shares on the stock market. What concerns him now is the "stock market reports" in the newspapers.

8349
CSO: 3554/255

PENALTIES FOR CUSTOMS VIOLATIONS INTENSIFIED

Istanbul TERCUMAN in Turkish 20 Apr 83 pp 1, 14

[Text] Ankara (TERCUMAN) -- The National Security Council yesterday approved the bill amending the Customs Law. The law will significantly raise customs penalties.

The law will eliminate free staff cars for organizations other than general and joint budget offices. All military arms, vehicles, equipment and systems procured abroad and the spare parts, fuel and oil, raw materials, supplies and war materiel used in their maintenance, construction and repair will be duty-free. All aid materiel obtained cost-free from foreign sources for the needs of the National Defense Ministry, the Gendarmerie Command and the Coast Guard Command, as well as materiel and arms plus their accessories obtained wholesale and imported from foreign countries as required by the security services of the Security General Directorate will also be duty-free.

Foundations established for the purpose of strengthening the Turkish Armed Forces and firms and establishments more than 50-percent capitalized by these foundations may, it was decided, import all types of materiel duty-free.

Disability and Handicapped Exemptions

The law also exempts from customs duties special vehicles manufactured for the exclusive use of the disabled and handicapped and articles imported by them which are needed in their care, treatment and daily lives. Living tissue, machinery, equipment and diagnostic and therapeutic drugs imported by the foundations for organ transplants as applicable to their purposes and devoted to the public service will come under the scope of this exemption in consultation with the Health and Social Assistance Ministry.

Special Warehouses and Sheds

Goods brought into Turkey from abroad and goods exiting in case of demand, if there are warehousing services granted a monopoly by law there, will be placed in sheds under the responsibility of these operations and, if existing sheds are inadequate, customs sheds may be opened and operated by the ministry. Other public institutions or municipalities and private establishments if they do not already have them will be permitted to open and operate sheds. Private establishments will also be permitted to operate bonded warehouses.

The value of goods subject to customs duties will be expressed in Turkish currency. Foreign currencies inscribed on invoices and other documentation will be converted to Turkish currency at the exchange rate in effect on the date duty liability commences.

Inspectors will be responsible individually or in combination depending on the situation for the verification and exemption procedures they implement.

Penalties

Anyone who imports or attempts to import duty-free items without a permit via routes not specified by law will be fined one-tenth of the c.i.f. value of the goods, or if the type and value of the goods are not specified, from 1,000 to 10,000 liras. Violators of the law will be fined from 5,000 to 50,000 liras in lieu of prosecution. Travelers who fail to manifest items of a commercial nature which they bring with them will also be fined from 5,000 to 50,000 liras.

Carriers engaged in international or national shipping who transport custom items over Turkish highways and violators of rules and regulations posted in accordance with the law will be fined from 10,000 to 20,000 liras. The Council of Ministers may triple the fines called for in this law.

8349

CSO: 3554/255

PRODUCTION COSTS RISE, PRICES FOLLOW SUIT

Istanbul CUMHURIYET in Turkish 6 Apr 83 p 9

[Text] AEG Official: This increase will not affect current demand very much because there is always a certain segment that buys our products.

Arcelik Official: As cost increases push up prices, installment sales will expand. The purpose of installment sales is to serve that segment of society with reduced buying power.

The price increases that will begin with the 10 to 12 percent rise in the cost of AEG refrigerators on 12 April and will spread to all products bearing the Arcelik name have been called a necessity stemming from cost increases.

An official from the Profilo firm which manufactures AEG brand home appliances stated, "The increase comes from rising costs. Plastic and sheet metal price increases and salary raises make the increase necessary. The increase will not have much of an effect on demand because there is always a certain segment that buys the appliances we produce."

When we pointed out that some retailers intend to discontinue sales because of the severity of the new sales and payment conditions, the Profilo official said the following:

"I do not think our retailers will discontinue sales. There are approximately 2000 of our stores in Turkey and requests to purchase dealerships are still coming in. If our sales and payment conditions were placing a heavy financial strain on our dealers, why would the dealership requests still be arriving? I am not saying that there is a dealer here or there or cannot sell four or five refrigerators a month. The particular financial problems of a few dealerships do not prove that our sales and payment system is harsh."

Moreover, an official of the Arcelik firm, which holds 70 percent of Turkey's washing machine market has also stated that their 10 percent increase was due to rising costs. He said, "the continuing depreciation of Turkey's currency has caused the imported goods we use in our products to go up in price. With increasing costs it is unfortunately impossible to lower prices or even to stabilize them."

The official stated that the average retail price of a refrigerator is 75 to 80,000 lira and he stressed that no matter how low this price might drop, it still could not fall within the purchasing range of a large portion of the consumer public and could not stimulate demand. The official remarked, "A sales arrangement can be made that is affordable as it matches the purchasing power of a large segment of consumers. Cash sales are a very small portion of our overall sales. To offer appliances to the people on appropriate terms and to meet their needs in a short period of time is the only service than can be accomplished in this situation."

The Arcelik official, when we noted that some believe the interest rates applied to installment purchases are high, said the following, "The interest rate is 5 percent for the first 9 months and 5.5 percent thereafter. These rates are much lower than the bank loan rates. Essentially, the interest for installment purchases is used to reduce the risk to the retailer making the sales, as this interest negates a portion of the existing inflation. Furthermore, the consumer in purchasing an appliance on the installment plan, gets the product at a price cheaper then it will be later because of the demonstrated trend of continually rising prices due to increased costs. Installment purchases will continue to increase as long as prices are rising. Increases that will go into effect on 11 April will increase the 1982 prices by 10 percent but it is not known what the inflation of costs will be. It cannot be said that after 3 to 5 months, prices will not rise again. I do not think that the price increases will diminish demand. In 1982, a total of 550,000 appliances of various kinds were sold in Turkey. We expect to achieve this sales level in 1983 as well.

12280
CSO 3554/252

SEE'S DIVIDED INTO TWO GROUPS

Istanbul CUMHURIYET in Turkish 6 Apr 83 p 9

[Text] SEE's [State Economic Enterprises] which predominantly perform public functions such as the PTT [Post, Telephone and Telegraph Administration] and TEKEL [The State Monopoly] are in the first group. Most of the second group are comprised of goods producers SEE's.

The decision regarding the organization of SEE's within the framework of the public administration reorganization has been submitted to the Council of Ministers for ratification.

According to available information, in the work of the SEE's reorganization, a "center position" was adopted that accommodated both etatist and liberal views. According to the decision, some of the provisions of the nr. 444 SEE law which could not be implemented to date have been given clearance.

Two separate groups

The reorganization divides the existing SEE's into two separate groups. In the first group are a restricted number of SEE's which have primarily public functions such as the PTT and the railroads. It is envisaged that all of these will be transformed into Supplementary Budget Authorities and, on price policy, will be based on service rather than profitability.

In the second group in the new reorganization, the majority will be made up of goods producers SEE's. In conformity with the law, these organizations will work completely according to free market principles. These organizations will not receive investment services including public financing.

In the decision, the question of the SEE's being opened to the private sector, albeit in the form of their being "opened to the public," was kept closed. Thus, the principle of "state ownership" of the SEE's is preserved. However, what is envisaged is not the government giving policy directives, but the Expanded Economic Affairs Superior Coordinating Committee.

The committee will issue these directives with the participation -- along with the committee's legal members -- of the concerned ministers, supervisory organs and the chairman of the Supreme Control Council.

Damage duty

The SEE decision also validates the principle of "damage duty" which creates the basis for state intervention in SEE pricing. According to this principle, the Expanded Economic Affairs Superior Coordinating Committee, which is given the task of formulating SEE policy, can, when economic conditions dictate, intervene in certain SEE product prices and production sales policy. When this intervention -- which can be made for objective reasons -- leads to "damage duty", compensation for this damage will be paid to the SEE no later than with the subsequent period budget. This payment will not be postponed.

The personnel system

Furthermore, a separate personnel system will be created that is not connected to the Public Officials' Statute. Within this system, salaries of SEE employees will be directly tied to productivity and production.

The link between wages and production that is planned to encompass all of the working class will thus have first been established in the SEE's.

12280
CSO 3554/252

CICEK ON SHIPBUILDING, PURCHASES, PROSPECTS

Istanbul DUNYA in Turkish 20 Apr 83 p 7

[Text] Celal Cicek, president of the shipbuilders' union, calling attention to a rash of failures among shipyards, said that getting a ship into the water was entirely up to the ship-owner at this time when incentives are being advertised to the hilt but no state credit is available. "These ships are being built by the owner's putting everything he has on the line. The ship-owner's high hopes are driving him into heavy debt at high interest," he said.

Celal Cicek continued:

"We as men in the ship building industry have never opposed the purchase of new ships abroad for the development of our fleet. However, bearing in mind the fact that maritime trade will be impossible for us in the 1980's with an aging fleet, we have opposed the importation of old ships and ships of tonnages which this sector, currently providing a living for 20,000 people, is capable of building. Despite this, over 20 ships of less than 10,000 d.w.t. have been purchased to date. Considering that only 4 of the nearly 50 [as published] ships bought are under the 9-year age limit and that very few ships less than 9 years old are being sold anywhere in the world, it is clearly unnecessary to argue whether the ship procurement policy is good for the country.

"Moreover, the fact that around 60 ships on which construction has begun domestically (nearly 30 of which are under construction at Tuzla) are at this time without resources or credit shows that our state's ship ownership policy cannot be administered properly.

"In 1933 it was planned that our fleet should achieve 7.4 d.w.t., but the method chosen for achieving this tonnage was wrong.

"If this practice continues, we are fated to have a fleet consisting of ships of types and tonnages unsuitable for the country's circumstances.

"We have shipyards under construction that will achieve a capacity of 1 million d.w.t./year in 1988. This capacity today is 25,000 d.w.t./year.

"Domestic shipbuilding is taking place under circumstances difficult for both the shipyards and the ship-owners. Getting these ships into the water today when state credit is not available is up to the ship-owner. These ships are being completed by over-spending from net assets and with loans obtained from friends and acquaintances.

"The facilities available to entrepreneurs buying ships abroad despite all these difficulties and hardships being dumped on our ship-owners building ships here at home and the benefits these entrepreneurs are said to be enjoying have reached proportions requiring a review of the ship procurement policy."

8349

CSO: 3554/256

CONSULTATIVE ASSEMBLY APPROVES MINING BILL

Istanbul DUNYA in Turkish 12 Apr 83 p 1

[Text] Ankara--The general body of the Consultative Assembly approved at yesterday's meeting the draft of a bill concerning mining of 'boron, asphalt, iron ore and lignite as well as raw materials for nuclear energy'. The draft recognizes all exploration and mining operations of boron, asphalt, uranium and thorium as belonging to the state, and also calls for the state to mine the four iron beds in the vicinity of Malatya and Adana and some lignite beds.

The draft bill, reduced to 39 items after removal of two items, sets up the following conditions for the return to previous owners of mines not within the state monopoly:

"Fields being mined by public agencies according to bill 2172 and which are excluded from this bill's second item, will be returned to their lawful previous owners, if within one month of the date the law goes into effect, petition is made, and if conditions set forth in coming communications are met. These returns will be accomplished within 3 months of the proclamation of this law."

Another item will regulate the basis on which previous owners will repay for compensation received from the state for mines which will again be in their possession. According to this provision, in connection with reclaimed fields by previous lawful owners, "compensation will be repaid, in cash and in equal installments, within 3 years one of which will be free of payment, after first reimbursing expenses incurred by the public agency." The owner reclaiming his mine must insure this debt.

In addition, the law provides for continued production during the process of reclamation where operations with preferential permits or patents are involved. According to this item of the bill, mineral ore stocks at the time of transfer will belong to the public agency holding the field. The previous owner reclaiming the field will be responsible to protect these stocks and deliver them to the agency concerned. Those mines not reclaimed by previous owners, will continue to be mined by the pertinent public agency according to mining law decrees. In case of purchase requests by another person or agency, the fields under question will be opened to bidding and sold at the best price.

The draft regulating mining operations was approved by the general body of the Consultative Assembly and will now be taken up by the National Security Council in the coming days.

BITTERNESS EXPRESSED OVER PAPANDREOU'S 'FAR DISTANCE'

Nicosia I SIMERINI in Greek 1 Apr 83 p 3

Article by Savvas Iakovidis: "Because of Distance...⁷

Excerpts⁷ "The problem disturbing us is the continued occupation of the northern section of Cyprus and Turkey's military ability to extend within 40 or 72 hours its military machine throughout Cyprus at any moment because, as you know, the island is near Turkey and far away from Greece."

This statement was made by Greek Premier Papandreu to members of the Canadian Parliament whom he updated on Greek issues. In Cyprus, the Papandreu statement caused surprise, agony and fear for the future because in 40 or 72 hours Turkey could occupy the whole of Cyprus, since, as you know, Turkey is very near to the island and Greece is far away. The Greek premier was somewhat late in saying it but he finally aligned himself to the known Karamanlis-Averof dogma: "Because of distance, Greece cannot keep Cyprus..." It is not the first time that the Greek premier has spoken about a fast and easy--it seems--occupation of Cyprus.

The Papandreu statement is both disappointing and disturbing because the Cypriot people expected the leader of Hellenism to say that Greece is not far from a section of the national body, as he himself characterized us, and that it will support us with all its power and will help us should we be subjected to an unprovoked Turkish attack. The Cypriot Hellenism expected Papandreu to say that Greece, as a guarantor power of Cyprus, would fully meet its conventional as well as its national obligations. The Cypriot⁷ government expected Papandreu to inform it that the dynamic support about which he had spoken in the past would be converted into action. Mainly, however, the Greeks of this enslaved island expected Papandreu to tell the Turks that if they attempted anything against the free areas of the island they would have their faces smashed.

Papandreu said no such thing. On the contrary, he said that Turkey is very near Cyprus⁷ and Greece very far. That is why his statement is disturbing. Because if indeed he talks about the defense situation and the military preparation of the free areas, then let each party decide what to do. If the Papandreu statement is an interpretation of the existing military

situation in the island then huge questions are raised about the responsibilities of our National Defense Minister Veniamin and the Cypriot government in general as well as about Greece's heavy responsibilities. If 9 years after the invasion the occupation of the whole island is a matter of 40 or 72 hours, what were those responsible--presumably--doing all these years about the defensive buttressing of our free areas? Of course, sophisticated arms were shown during the last military parade which gives some comfort in view of the disheartening Papandreu statement.

Greece is our only support and real bulwark. It is correctly claimed that only with Greece's help and positive support can we survive in this land. If, therefore, Greece, in which we have placed all our hopes and our salvation, says that "because of distance" it is unable to assist us, then who can?

The Papandreu statement was made at an inappropriate time from a politico-diplomatic and military point of view. It has caused justified concern and has heightened the agony of the Cypriot people. We expect that some clarifications, some explanations should be given.

7520
CSO: 3521/266

POLITICAL

CYPRUS

BRIEFS

KLIRIDIS, LYSSARIDIS LEADERSHIP--The chairmen of the Democratic Rally /DS/ and the United Democratic Union of the Center /EDEK/, Kliridis and Lyssaridis respectively, will maintain the leadership of their parties and no question of their being supplanted exists following the presidential elections. Kliridis said that at their recent meetings the DS's Political Bureau, Parliamentary Group and Central Council renewed their "confidence in me. I shall continue to offer my services as DS leader." Responding to a question, Lyssaridis said: "No question was raised or is being raised (about the leadership) and I shall continue to offer my services from the position the party and the Front have entrusted me with." /Excerpts/ /Nicosia O AGON in Greek 2 Apr 83 pp 1, 107 7520

CSO: 3521/266

LEFTIST PAPER SEES GREEN PARTY AS SUPERFLUOUS

Copenhagen INFORMATION in Danish 13 Apr 83 p 12

[Editorial by TM: "The Greens"]

[Text] It appears that Denmark is about to be enriched with yet another political party. It will be The Greens, report the organizers, who have clearly been inspired by the special success of The Greens in our southern neighbor. In a country where it is said that when two people meet they form a society--yes, even a political party--it is really strange that The Greens was not created before. But now it apparently will be.

There is no doubt of what the groups behind the new party have their eyes on: parliamentary seats.

It is an incontestable fact that a growing part of the population has become aware of the threats to the environment and resources. It is so incontestable that many understand the problem and have perceived that every individual must work actively to improve the environment. Therefore the environment, peace and the energy movements, for example, have attracted a large following in recent years. And if one looks at how many evidently consider it serious, when it comes to protection of the environment both in the narrow and the wider sense, it is clear that there are votes to be had.

But it is rather doubtful whether they will get them. Or if they should have them.

No one can find fault with the criticism by "The Greens" that this society focuses more on economy than on ecology, and that a policy dictated by economics is often in conflict with vital human and natural interests. Neither can anyone have other than sympathy when "The Green Alternative" offers to "take its motivation from the ecology and the quality of life," or when in a program declaration it states that it must be the people who control the economy, and not as today the economy which controls the people.

But the choice of words undeniably reminds one of the usual political promises. And the question is whether "The Greens" will succeed in convincing a sufficient number that they are serious about what they say.

It is worth noting that almost all the organizations which work with environmental questions, and which do not belong to the little circle of organizers of this party, have withdrawn. Naturally the explanation is the fear of being enveloped by a political party, which every grassroots movement must always be aware of. Just as each political party will necessarily be enveloped by a definite organization.

But the explanation lies also in the fact that a large number of the parties in the Folketing are seriously involved in environmental problems, and the grassroots movement in Denmark has gradually found the ear of many politicians. In addition, the grassroots organizations which have the largest membership can clearly see what it will mean for their membership numbers if the movement or the organization suddenly acquire political affiliations, which will frighten away members of other parties.

One can--as Niels I. Meyer did the other day in this paper--believe that although many political parties take the environmental problem seriously, the work is going rather slowly. Therefore the organizations themselves which so loudly take a stand perhaps in a more quiet way welcome a green party, because they hope that will force the other parties to raise the priority of the environmental questions. And that is a possibility.

But the risk that sympathies will be lost in the process--which the existing parties are today forced to do--is also present.

And it is clear that environmental work will be divided--still more than it is today, when a group of students recently in a report on the organizations which support the party formation, have wondered why they "use their powers to patent a name for conducting an environmental struggle--for in that case, what is it all about?"

9287
CSO: 3613/105

POLITICAL

DENMARK

BRIEFS

MARXIST-LENINIST PARTY OFFERING CANDIDATES—The Communist Party (Marxist-Leninist) yesterday delivered 20,800 signatures to the Ministry of the Interior so that the party can have candidates at the next Folketing election. The party will appear under the name: The Marxist-Leninist Party. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Apr 83 p 2] 9287

COMMUNISTS INCREASE WOMEN MEMBERSHIP—The percentage of women in the Communist Party of Denmark [DKP] has now passed 40. Two years ago it was 38.5 percent. A new analysis of the membership shows that 40.1 percent of the members in March 1983 are women. Almost 40 percent of the party's members are between 30 and 40 years old, and the average age of members in this Communist Party is estimated at 42.5 years. An analysis of the congress delegates shows that their average age is 5 years lower. More than 11 percent of the members have joined since 1980, according to the statistics. They also show that not less than 27.9 percent of the total membership of DKP hold positions of trust in other organizations. [Text] [Copenhagen LAND OG FOLK in Danish 12 Apr 83 p 5] 9287

CSO: 3613/105

STALINIST-PRESS ORGAN CHIEF JOKINEN COMMENTS ON ELECTIONS

Helsinki TIEDONANTAJA in Finnish 25 Mar 83 p 7

[Editorial: "What Determines Support?"]

[Text] In the just concluded parliamentary elections rightwing forces mended and also once again strengthened their positions. Thus there was no great surprise in the elections according to this general conclusion. It is doubtful that present domestic and economic policy can change even such a result as the strengthening of the positions of the rightwing forces.

A certain advancement of the rightwing is apparent in the indisputable victory of the Social Democratic Party, which occurred on the basis of the government's domestic and economic policy and the promise that this policy will be continued.

The advancement of the rightwing is apparent in the Conservative Party in the form of increased support for this party and above all in the election of representatives in which the moderates had to yield to extreme elements.

Likewise, the rightwing tendency became evident in the fact that the SMP [Finnish Rural Party] tripled its support, which indicates that the rightwing, perhaps even the extreme rightwing, will shamelessly use citizens' dissatisfaction to its advantage by means of its highhanded demagoguery.

The advancement of the rightwing appeared in an extraordinary manner also in the fact that the defeat of the Communists and the People's Democrats was the greatest in the postwar election history of the SKDL [Finnish People's Democratic League].

Naturally, the weakening of the social and political positions of the fundamental opponent of the rightwing, the SKP [Finnish Communist Party] and the SKDL, is directly proportionate to the growth of the opportunities and success of rightwing influence.

If the present election phenomenon is relatively unambiguous, its reasons are not easily explained. SKDL Chairman Kalevi Kivistö has perhaps been the first after the election results became known to relate his understanding

of what the election result was a consequence. According to him, the recession and structural changes, the internal situation in our movement, the problems of the socialist countries, the failure of the lifestyle discussion, and the lack of appeal of workers' ideals are the reasons.

As far as the recession and structural changes are concerned, they have not nor do they have an automatic influence on policy and the results of policy — for example, on the results of the elections. A different kind of stand would support the uselessness of political activity and opportunities.

The situation in the movement, for its part, does not influence policy through the internal situation, on which the broad constituency does not take a particular stand, but through policy, the advantage or disadvantage of which each person deliberates very carefully for himself.

The effect of problems in socialist countries on the election results of the People's Democrats, is, of course, such an artificial misconception that even those promoting it do not believe in it themselves. Or they have then approved the importation of counterrevolution and an influence contrary to progressive development.

It is also been proposed that the reason for the advancement of the rightwing is the failure of the SKDL's lifestyle discussion. The ideals and values of the working class supposedly have no appeal, states SKDL Chairman Kalevi Kivistö. He also adds that, unfortunately, the lifestyle discussion did not succeed.

So it is. If unemployment and the worsening of the positions of pensioners are explained by the fact that the people have not comprehended the significance of their own internal change with respect to augmenting their own living conditions, it can very well be concluded that the lifestyle discussion failed and that the ideals of the working class have no appeal. But then it must also be taken into consideration that support is declining. No one who is unemployed will believe that jobs can be increased or the standard of living can be improved by internal spiritual renewal.

Over the years it has been confirmed that policy does determine. It determines the movement's support and the unity of the SKP. There is no reason to present it as a new insight. The main reason for the present situation is primarily two issues: First of all, the SKP and the SKDL must carry out such a policy of deeds that correspond with the words and programs. If we are not able to eliminate the discrepancy between words and deeds, the movement will not rise out of the quagmire. And if this is comprehended, let it also be understood that mass action is decisive.

This is not a leftwing policy as such. This is a policy in which a class conscious line and the reformist line of the SDP can be combined into a line of workers' cooperation in certain important instances. Thus it is a question of a policy of workers' cooperation on the basis of workers interests as a movement against big capital.

There is no reason to conceal the fact that the SKP's first secretary created the situation in Lapland. Also the fact that he intends to increase division by attacking TIEDONANTAJÄ and recommending expulsions, which they are preparing to carry out in Lapland with their policy of the axe.

But the election result in Lapland as such, the democratic demand of the membership, the demand to observe the statutes and the demand to carry out a class conscious policy also in the event of participation in the government is gaining ground in the SKP. Thus there is room for optimism.

10576
CSO: 3617/101

MAX JAKOBSON DOUBTS 'PROTEST VOTE' CLAIMS

Helsinki UUSI SUOMI in Finnish 24 Mar 83 p 36

[Commentary by Max Jakobson: "People Supported Government"]

[Text] These were not actual protest elections.

The citizens have approved the government's policy.

The elections were an excellent example of the stability of Finnish society.

If the word protest is to be used, then the people did not protest against the content of the policy carried out, but against its application by politicians.

In this instance Max Jakobson is thus protesting against protest elections.

The managing director of the Commission on Commerce and Industry confirms that the ruling parties came out rather well in the parliamentary elections. The Social Democrats and the Swedish People's Party increased their support and the number of Center Party voters decreased only slightly. Thus the citizens have approved of the government policy being carried out.

The direction elsewhere in Europe has been different. There the ruling parties have suffered defeat one after another. In recent years the leftwing in Federal Republic of Germany tasted defeat, the rightwing in France, the leftwing in Norway, the rightwing in Sweden...

Even Communists Acquired New Trait

The third and expected new trait was the weakened position of the Communists.

"As late as the 1970's the Communists were considered to be the party that makes or breaks presidents. It also had a strong hold on the trade union movement.

"The Communists appeared in the people's front government in 1966 and their participation in government ended only last fall.

"This development reached its conclusion in these elections," states Max Jakobson. "The weakened position of the Communists is also a sign of social stability."

An Atmosphere of Reformation

The elections cannot be interpreted as a protest against policies even though the Vennamoites have begun to rise again, the Greens entered the parliament, and a large number of MP's were replaced.

Max Jakobson repeats once again that the people are relatively satisfied with government policy even though they have mounted a protest against the MP's themselves.

He finds an example from history:

"We are now experiencing the same kind of atmosphere that prevailed during the Reformation.

"Public opinion in Finland thus clearly hopes that the country will continue to be managed in accordance with a broad consensus-principle," states Max Jakobson.

New Trait in Foreign Policy

In his opinion even certain significant phenomena remain hidden under the initial excitement of the elections.

"These were the first parliamentary elections since World War II in which foreign policy was not discussed.

"No foreign policy arguments were used against anyone.

"Soviet newspapers did not become involved in the elections in any way. Not before or after the elections.

"All these made up the new trait of these elections. No one has yet known how to take this into consideration in commentaries since the issue has been considered to be such a self-evident phenomenon in Finland."

New Trait in Ideologies

The other new trait was the fact that the traditional ideological conflicts did not appear at all, except for the Communists.

For example, the Social Democrats did not appeal to ideological sentiments, but adopted a rather pragmatic approach to their election campaign.

"The rightwing, for its part, did not raise the specter of socialism, as was the case in connection with the last presidential elections," states Max Jakobson.

This is once again another sign of the stability of Finnish society according to him.

"Even then it was demanded that priests purify themselves, give up the sales of indulgences, and say the liturgy in the national language."

In using the grading system for schools Jakobson estimated that the parliament's conduct fell and that the people gave the government a 7+ grade for performance.

All The Rest Is Surface Noise

As far as the resurgence of Vennamoism is concerned, Max Jakobson states that it is considerably more superficial than before. The background for its previous rise was made up of a drastic change in society, the fallowing of fields, and a massive migration of people. Its roots were deeper in the discrepancies of society.

"The radicalism of the younger generation is being channeled into the Greens instead of the extreme leftwing."

The fact that MP's were replaced in the numbers that they now were is partly the result of the new morality.

In Vennamo's words Jakobson states that it is completely correct that the crooks be apprehended, but in recent times people have certainly acquired an exaggerated concept of the abuses and irregularities that have occurred.

10576
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POSITION OF SMALL PARTIES ANALYZED IN LIGHT OF ELECTION

Helsinki HUFVUDSTADSBLADET in Swedish 11 Apr 83 p 2

[Editorial by Bjorn Mansson: "New Distribution Among Small Parties"]

[Text] In today's editorial Bjorn Mansson attempts to analyze the redistribution of the electorate shares of the small parties. Vennamoism has changed into something which could be called new-Vennamoism. After their 1978-79 upswing the Christians have evidently returned to what seems to be the party's normal level. The Liberals must now practice self-examination.

The completely new distribution of voters among the so-called small parties was one of the most remarkable results of the parliamentary election. This will now leave its mark on the work of the new Parliament.

From having been four parties--the Christian League, the Rural Party, the Swedish People's Party and the Liberal People's Party--of the same order of magnitude in the old Parliament, despite the differences in their number of mandates (the voter percentages in the 1979 election varied between 4.8 for the Christians and 3.7 for the Liberals), an enormous differentiation has taken place. The extreme numbers are now represented by the Rural Party's 9.7 percent and the Liberals' 1.0.

The Rural Party has more than doubled its voter support and its parliamentary representation and strictly quantitatively must today be described as an almost middle-sized party. The Christian League lost more than one out of three voters and saw its parliamentary group decimated by as many as two-thirds. The Liberal People's Party was eliminated as a parliamentary party, although theoretically the votes could have resulted in two mandates.

The success of the Swedish People's Party has been thoroughly commented on before and will not be discussed here. The Constitutional People's Party will also be left out of this discussion, since the party has been reduced to a regional phenomenon in the capital. There is reason for returning to the election success and continued work of the Greens.

The Rural Party is a strange phenomenon in Finnish politics. Having been founded during the last year of the 1950's, it languished for a long time. Party leader Veikko Venamo was its only parliamentary representative, if the party had one at all. The Finnish Rural Party got its major breakthrough in the 1968 electoral election (33 electors for Venamo) and in the 1970 parliamentary election (18 mandates).

The reasons for those victories were principally disenchantment over the depopulation of the sparsely inhabited regions and the persistent opposition to President Urho Kekkonen. It was primarily the Center Party, which in its double role as rural representative--or "traitor"--and presidential party was the loser. At this time Vennamoism was a typical phenomenon of the thinly populated areas, with legendary Eino Poutianen from northern Karelia as the symbol of the "forgotten people." Veikko Venamo himself was felt as something of a Messiah, for whom the weak ones on the geographical and social periphery of society had long been waiting.

During the 1970's those who had voted for Venamo had reason to feel disappointed, not to say betrayed. The actions of the Rural Party in Parliament and its complete inability to cooperate had the result that it failed to be able to show any concrete results of its work. The party split in 1972, when 13 of the party's 18 members of Parliament left the party, was already considered to be the death-knell for the Venamo phenomenon. The party of the forgotten people was itself on the way to being forgotten. The promised successes in parliamentary elections failed to materialize, and in competition with the Christians' Raino Westerholm in the 1978 presidential election Veikko Venamo did not succeed in repeating the coup of 1968. In the presidential election last year the party then reached its all-time low in national elections since 1966, 2.3 percent of the votes. It looked bad for the young party leader, Pekka Venamo, who had taken the helm of the party after his father.

In a situation when the party ran the risk of dying out, the other parties saw to it that Venamo received the gift from above which he needed. All the minor and major scandals in which politicians were mixed up, primarily the tangled metro affair and the fuss about the daily expense allowance of certain members of Parliament, nurtured the contempt of politicians and parties which Venamo was quick to exploit. His old slogan "rosvot kiinni" (get the scoundrels) and the term "rotosherrat" (approx. swindlers) suddenly acquired new interest.

Furthermore, in the middle of the ongoing election campaign the government parties--and the Coalition Party--provided a free chance for Venamo (among others) to make political capital out of the blunder on the pension reform.

The fact that this time the protest was aimed against these two new circumstances, led to a justification for speaking of "new-Vennamoism," in contrast to the original phenomenon. The content of the protest was partly different from that of 1970, but the channel was the same as then. Other parties simply did not offer any channels.

The fact that new-Vennamoism differs from original Vennamoism is also demonstrated this time by the regional distribution of the party's victories. In several typical densely populated voter districts in southern Finland the party tripled its support in comparison with the most recent election. On the other hand, it did not exactly have an easy time in Lapland or northern Karelia, for example. The protest party of the sparsely populated areas has thus become a more general protest party.

The Rural Party's movements in the speaker election indicate a change in parliamentary tactics. It is likely, however, that the parliamentary group will soon fall back on the not very constructive or productive flood of speeches and proposals which has been so typical of the party.

The thought has been put forward from various sides that the Rural Party should be held responsible for its promises by shouldering the government responsibility. Proposals in this direction--brought up by Prime Minister Sorsa, among others--this time appear to be intended as more than tactical plays. But government cooperation would get a new, unruly partner in Vennamo's party, in a situation where one would like to avoid the disorder represented by the People's Democrats. The seriousness with which the parties now seem to take Vennamo's political comeback nevertheless proves that father Veikko was right, when he emphasized in one election analysis that his success in any event constitutes a healthy warning to the parties and the politicians. They must become more cautious.

The distinct decline of the Christian League can be explained in various, mutually contradictory ways. It is possible that the party's less fanatical aura under the new party leader has contributed to the Rural Party's absorption of some typical protest voters. But it is also not completely excluded that focusing on secondary issues, such as the name law, opened the eyes of a few voters, who reflect a bit more, to the fact that Christian politics did not always deal with what was most important, seen from a Christian perspective.

It is characteristic that the party lost the most where it was previously the strongest. In some districts, Helsinki and Kymmenen, among others, it lost more than half of its support. With a total of 90,000 votes the Christians are now back to the same level as in the 1975 election. Perhaps it was only the temporary success in the 1978 presidential election which had an equally temporary effect in the 1979 parliamentary election.

The fate of the Liberal People's Party should provide a basis for reflexions in principle on the future of liberalism in Finnish politics, but the comments in this connection will be limited to the actual loss of votes.

A drop in votes from 107,000 in 1979 to just 30,000 now would cause any other party to give up completely. These votes could theoretically have given the party two mandates, to be sure, and the number of votes is nevertheless more than twice as large as that of the Constitutionalists. But as the latter barely managed to save themselves from political death with the help of the Rural

Party, our electoral system left the Liberals with the fateful result of zero mandates.

It cannot be explained away that the Liberals' losses are distinctly linked to their decision to merge with the Center Party, which still retains its rurally conservative profile, although we will obviously never know what the result would have been if the Liberal People's Party had remained independent. The liberal portion of the "Center League" did not succeed in establishing a profile as a separate alternative. The time has come for careful self-examination. In any event, it is clear that Finland's political life will need ingredients of liberalism and broad-mindedness in the future as well.

11949
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PARLIAMENT ELECTS CONSERVATIVE AS SPEAKER; OTHER OFFICERS

Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 83 p 6

[Article: "Parliament Has New Speakers"]

[Text] Parliament is being directed by a new group of speakers, in which only First Vice-Speaker Pirkko Tyolajarvi (Social Democrat) has a little less than 3 months experience as a vice-speaker of parliament.

Speaker Erkki Pystynen (Conservative) and Second Vice-Speaker Veikko Pihlajamaki (Center Party) are completely completely new to the parliament's speakership.

Pystynen got a taste of the most prestigious position in parliament on Thursday. After the election of the speaker and the vice-speakers and after taking the oath, Pystynen gave a speech thanking the members of parliament and conducted an election of the secretarial committee as his first duty. The election of speakers was conducted by the oldest MP or speaker of parliament by seniority, Tuure Junnila (Conservative).

Erkki Pystynen was elected speaker in accordance with an agreement reached among the non-Socialists on the previous evening. The Social Democrats, the SKDL [Finnish People's Democratic League], and the Greens supported Tyolajarvi. Pystynen won over Tyolajarvi by a vote of 111--82. Matti Jaatinen, leader of the Conservative faction, received one vote, one ballot was blank.

Pirkko Tyolajarvi was elected first vice-speaker almost unanimously by 192 votes. Erkki Liikanen (Social Democrat) and Veikko Pihlajamaki both received one vote, one ballot was blank.

Veikko Pihlajamaki, who was elected second vice-speaker, received 187 votes. There were five blank ballots, Heimo Linna (Center Party) and Taistoite [Stalinist] Irma Rosnell received one vote each. One vote given to Veikko Venhamo was rejected since Venhamo has not yet had his credentials examined. Venhamo went to Moscow on Tuesday as a member of the Helsinki City delegation.

In addition to Venhamo, absent from parliament were SDP members Kalevi Sorsa, Erkki Liikanen, and Saara-Maria Paakkinen, who are attending a meeting of the Socialist International in Portugal, and SMP [Finnish Rural Party] member Helvi Koskinen, who is ill.

New Blood

Since the war only eight well-known MP's and political movers have been speakers of parliament: K. A. Fagerholm (Social Democrat), Urho Kekkonen (Center Party), V. J. Sukselainen (Center Party), Kauno Kleemola (Center Party), Rafael Paasio (Social Democrat), Johannes Virolainen (Center Party), Veikko Helle (Social Democrat), and Ahti Pekkala (Center Party).

Before becoming speakers, Kekkonen, Virolainen, Helle, and Pekkala began as vice-speakers. Fagerholm, Sukselainen, Kleemola, and Paasio went directly to the position of speaker, but each of them had many years of experience behind them as ministers in various ministries.

Of the new parliamentary speakers, only Pirkko Tyolajarvi has also had experience as a minister.

The parliament's previous Conservative speaker was Paavo Virkkunen, he directed parliament in 1929 and 1930.

Secretarial Committee

The parliament elected SDP member Kaisa Raatikainen, Center Party member Kauko Juhantalo, SKDL [Finnish People's Democratic League] member Osmo Vepsalainen, and SMP member Urpo Leppanen to the secretarial committee.

At its first meeting the new secretarial committee approved the seating arrangement for parliament. Taistoite Esko Juhani-Tennila, who came into parliament on his own list, is sitting at the extreme left, the extreme right is occupied by Constitutionalist Georg C. Ehrnrooth. The SMP achieved its objective: the 17-member faction is located between the SDP and the Center Party.

Greens Ville Komsu and Kalle Konkkola are seated near the SMP on the left.

The parliamentary factions are also negotiating for committee positions. Parliament will decide on the committees next week. The Greens will receive the two committee seats they wanted from the bourgeois quota, Konkkola will receive a social committee position and Komsu a seat on the judicial and economics committee.

The SKDL is bitter about the loss of the chairmanship of the large committee directed by Lauha Mannisto. The SMP will obtain this position for Veikko Venhamo in accordance with an agreement reached among the non-Socialists. The SMP will receive 1-2 seats each in other committees.

The SKDL is still attempting to negotiate for other prizes such as the chairmanship of the second judicial committee.

The Conservatives lost the second judicial committee, whose chairman, Mauri Miettinen, will receive the chairmanship of the defense committee. Conservative Party Chairman Ilkka Suominen will become a member of the foreign affairs committee.

Among the new names in parliament, Liisa Kulhia will become a member of the judicial committee as well as the economics committee. Reino Paasilinna will become the whip of the SDP faction. This position is generally given to the new MP. Paasilinna will also become a deputy member of the foreign affairs committee in the same manner as Eeva Kuuskoski-Vikatmaa (Center Party).

Tyolajarvia Accomplished Bourgeois Unity

Contrary to its preliminary positions, the SDP faction decided to introduce its own candidate, Tyolajarvi, into the speaker elections. The SDP was ready to support Pystynen in the name of a broad harmony if the non-Socialists agree on a candidate.

The SDP decided to make Tyolajarvi a candidate when bourgeois members negotiated an agreement exclusively among themselves. When decisions of bourgeois parties extend to the leftwing (the large committee), the SDP considered that it has no reason to reject its own candidate.

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PAPER COMMENTS ON CONSERVATIVE BEING MADE SPEAKER

Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 83 p 2

[Editorial: "Parliament Exhibited Ability to Cooperate in Speaker Elections"]

[Text] The speaker of parliament is an especially sought after position. Indeed, the speaker is a very visible individual, immediately after the president of the republic in matters of protocol. In addition, the speaker has a relatively large amount of power in parliament on the basis of existing law. Its use is also always dependent on the individual in question. The party represented by the speaker, on the other hand, acquires a background power that it enjoys as a result of this position and thus has an influence on the selection process.

An exceptional interest was expressed in these speaker elections. This was the result of the political surprises brought about by the parliamentary elections. There were no candidates who could hold their head above the other with respect to experience, as there have been for many decades. It was as if the position was in search of someone. The election was also the first measure of the cooperative desire and ability of the parliamentary factions.

The premise for filling the position of speaker was indisputable: since there is a clear non-Socialist majority in parliament, the speaker was to be found from that direction. A Conservative candidate was elected speaker, Erkki Pystynen, the former chairman of the Parliamentary Constitutional Committee, by 111 votes.

Without a doubt, the election was a matter of enormous joy for the Conservative Party. The party has not controlled this position for 53 years. Moreover, it has languished in opposition since 1966. The prospects are still not bright. Granting the speaker's position to the Conservative Party could also be seen as compensation for this opposition even though, on the other hand, it would even deserve this as the largest non-Socialist party.

The election of the speaker was not simple in spite of promising advance negotiations. The Social Democrats, who at one point in the negotiations, gave assurances of their aspiration to achieve a conciliatory solution, voted for their own candidate as speaker. In this way they pushed aside the Conserva-

tive Party in favor of the SMP [Finnish Rural Party] in taking away the chairmanship of the large committee from the Communists. They also demonstrated their reluctance to cooperate with the Conservatives.

But the Conservative Party did not reward evil with evil. It supported Social Democratic Candidate Pirkko Tyolajarvi as first vice-speaker, who was elected almost unanimously.

Thus the chairmanship of the large committee will go to the Finnish Rural Party in accordance with a non-Socialist agreement. In this way the SMP will get away from that fruitless opposition position in which it has been until now. It now appears that it will receive well-deserved responsibility and also a reasonable amount of influence.

It has promised to use the latter-mentioned in the election of committee members, in which the political power relationships of the committees should be formed in accordance with the results of the parliamentary elections. Without the influence of the SMP, nothing would come of this. It remains to be seen how words and agreements will be kept.

Veikko Pihlajamaki of the Center Party, who was elected second vice-speaker, represents the so-called black dozen in his parliamentary faction. Does this selection mean that the ministers of this wing will not necessarily be seen in the next government? At the same time the party saved the representatives of its first team for government duties.

The solutions regarding the speakers did not go in accordance with expectations in all respects. At its best, the new parliament was able to demonstrate a commendable unanimity only in the election of the first vice-speaker. However, there is reason to agree with Speaker Pystynen's statement that the people's great expectations were directed toward this parliament. It will be faced with considerable problems. As the representative of the Finnish people and the user of state power parliament should be able to redeem these expectations in an atmosphere of good cooperation.

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REPORT FOR MINISTRY URGES INDEPENDENT STUDY OF EAST BLOC

Helsinki HUFVUDSTADSLADET in Swedish 8 Apr 83 p 22

[Text] Our own negligible study of the East bloc has led to the fact that Finland must often resort exclusively to Western material, which does not always correspond to the demands for balance or to Finnish needs.

Since Finland in its East bloc policy cannot follow the example of another country, Finland should develop its own East bloc research, which would chiefly provide facts essential to Finland, says a report by the Soviet Institute. The report was undertaken at the request of the Ministry of Education.

The report points out that there are channels for a scientific exchange, and Finland also has well-stocked libraries specializing in the Soviet Union.

On the other hand, basic social science research concerning the Soviet Union and the other CEMA nations is insufficient, and at higher education institutions there is negligible interest in the socialist societies.

It is also stressed in the report that there is one or at most two social scientists in Finland who can be described as experts on Eastern Europe. There is a complete lack of any professorship of East bloc research at the nation's higher education institutions, the report further notes.

The report emphasizes that the administration is in possession of a considerable amount of East bloc knowledge. There is danger, however, that this unsystematic knowledge will gradually disappear as the old experts on Russia and the Soviet Union "die out." The report refers to those experts, among others, who were involved in creating the extensive network of agreements which were drawn up on the basis of the Friendship, Cooperation and Mutual Assistance Pact.

The report proposes, among other things, that a cooperation group for East bloc research be established at the Soviet Institute. The report also includes several other proposals aimed at improving East bloc research in Finland.

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ELECTION OF CONSERVATIVE TO EDUKUNTA SPEAKERSHIP DISCUSSED

Helsinki HUFVUDSTADSBLADET in Swedish 8 Apr 83 p 2

[Editorial by Bjorn Mansson: "Election of Speaker--Political Play"]

[Text] The events connected with the formation of Parliament easily look like a political game, through which one chose to "take care" of Kokoomus and Venamo, Bjorn Mansson writes in a commentary on the election of speaker. The election of a Coalition Party member is epoch-making, however, as is the Rural Party's participation in the non-socialist majority.

The election of Coalition Party candidate Erkki Pystynen as the speaker of Parliament is significant and epoch-making from several aspects. With a clear non-socialist majority in Parliament it is natural that the speaker, the number two man in the republic in the formal ranking order, should represent a non-socialist party. Since the former speaker, Center Party veteran Johannes Virolainen, is no longer to be found in the new Parliament, a suitable occasion opened up for allowing the speakership to go to the (for some time) largest non-socialist party.

The election of speaker is epoch-making already for the reason that this is the first time in more than 50 years that a Coalition Party member will occupy the position. Most recently it was Paavo Virkkunen, and that was in 1929! The choice of a Coalition Party member seems both correct and fair in the situation that has developed, and can be described as the most natural solution.

To be sure, newly elected speaker Erkki Pystynen is not totally without political controversy. His civilian position as professor of social science and his experience as chairman of the Constitutional Committee do in fact make him unquestionably qualified for the task of leading the work of Parliament. On the other hand, his actions in the Environmental Ministry Committee and his position in the dispute regarding the right of the Attorney General to interfere in parliamentary decisions have earned him several enemies.

Now that he has shouldered the responsibility of the speaker, however, it is clear that these, in the opinion of some, "old sins" must be regarded as past history. Regardless of one's opinion in the matter of his actions in the

abovementioned connection, he did after all demonstrate the personal integrity which is needed for the demanding work of the speaker.

The starting point for the new speaker is not gratifying in every respect. Contrary to previous speculations, the Social Democrats ran their own candidate, popular Pirkko Tyolajarvi, which must be seen as a statement on the part of the Social Democrats. In all probability there are some outside this party as well, who quite justifiably believe that Tyolajarvi would have had greater personal qualifications than Pystynen for contributing as speaker to the needed reinforcement of parliamentary authority.

The politically most interesting question which inevitably arises is whether behind the election of a speaker from the Coalition Party there were efforts to "repay" the Coalition Party for their government ambitions. It is possible, even probable, that such thoughts were chiefly responsible for the Center Party's somewhat strange lack of interest in the speakership. After all, it is an undeniable fact that Ahti Pekkala of the Center Party would have been elected had he run.

Formally, the election of speaker and the formation of government have nothing to do with one another, of course. In the government negotiations which will be initiated next week, the Coalition Party ought to be in the same position as the other parties, and particularly in the same position as before the election of speaker. The principle of the Coalition Party's equal right to assume government responsibility has been stated with authority by Prime Minister Kalevi Sorsa, among others.

However, if the Coalition Party does not participate in the next government it will have to be regarded as fortunate, with respect to the ability to function of our parliamentary system, that the party was able to receive the recognition which goes with the speakership.

Just as interesting and epoch-making as the election of a Coalition Party speaker is the participation of the Rural Party in the non-socialist front, which concluded the agreement concerning the election and concerning certain other arrangements in connection with parliamentary appointments. The party's participation in the non-socialist parliamentary majority previously was often far from obvious, as we know.

The Rural Party and its chairman Pekka Vennamo understood how fully to exploit the opportunity to tip the scale which was a result of the election outcome. In some areas the Finnish Rural Party has been seen as the big winner of the agreement concerning the speakership. This is correct, insofar as the party forced through its wishes for a committee chairmanship, membership of the Chancellery Commission and the seating order in the assembly hall. If old Vennamo is now apparently to be elected chairman of the big committee, this would be a worthy conclusion to a controversial, but undoubtedly long and faithful parliamentary contribution.

On the other hand, the Rural Party has also had to give way in essential respects. It had to swallow the bitter pill of supporting Erkki Pystynen, of all people, who in the "struggle" between the Attorney General and Parliament did not exactly win any laurels from Vennamo's point of view. And it had to give up the dominant role in the committees which the party would have had in a committee selection without a functioning non-socialist government. From the aspect of work in Parliament this latter development is favorable and must be viewed as a victory for the other non-socialist parties. It is in fact said to have been an important motive for the non-socialist parties in deciding what position to take on the package solution.

Hazarding a slight exaggeration, it may be said that the parliamentary role of the Rural Party was legitimized, so to speak, by the other parties by means of the settlement within the non-socialist majority. However, this legitimization was a political necessity if the non-socialist positions were to be safeguarded in their parliamentary work and it need not necessarily be manifested in the future, least of all in connection with the formation of government. Much depends on whether Pekka Vennamo and colleagues continue to show goodwill--and capacity--for constructive cooperation.

Up to now the events in connection with the formation of Parliament are easily seen as a political play, by means of which primarily the Center Party--but indirectly the Social Democrats as well--chose to deal with Kokoomus and Vennamo. No one is to be blamed for the fact that the positions of these parties were not recognized, is perhaps the way one reasons.

In this phase the Center Party received only very "modest" compensation for the loss of the speakership in the form of an additional seat on the Appropriations Committee and an alternate on the Foreign Affairs Committee. Therefore, the party's strategy still seems to be something of a riddle. The only thing which can be stated with certainty is that the choice was made to save Ahti Pekkala for government positions, and in other respects as well the idea is to strengthen the positions before the formation of the government.

Selections for the parliamentary groups took place without drama on the part of most of the parties. The exception, of course, is the People's Democratic League, which appears to have become completely stuck in its attempts to make peace. It is interesting that the Coalition Party group also seems to have had certain minor internal problems in its choice of persons and in drawing up the guidelines.

The replacement of the chairman of the Swedish parliamentary group should apparently be viewed against the background of the fact that, taking the election result into consideration, one wanted to strengthen the visible positions of Osterbotten in the group, as well as attempt to arrange for the choice of Swedish People's Party ministers to continue to take place on the basis of personal qualifications, without sidelong glances toward regional distribution.

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GREENS ISSUE 'ALTERNATIVE' POLITICAL PROGRAM

Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 83 p 29

[Article: "Greens Issue Critical Alternative Program"]

[Text] On Wednesday the alternative movement of Greens presented the program they compiled on the quality of life, by which Finland can be saved from the blind alley caused by economic growth.

The 11-member work group made up of professors, doctors, and licentiates marketing a soft society is offering a program suitable to all parties as food for thought for the new parliament.

According to Doctor Eero Paloheimo, those who compiled the program, the supporters of soft values belonging to various parties, do not want to be a mere single-issue movement. According to Greens functioning inside and outside of the parliament, we must learn to look at issues from the human level without a structured party organization and membership labels.

The work group of Greens includes, among others, MP Ville Komsu, Licentiate in Political Science Osmo Soinivaara, Professor Pentti Malaska, Licentiate in Philosophy Liisa Horelli, General Secretary Hilkka Pietila, and Doctor Eero Paloheimo.

According to the work group, economic and quantitative growth, urbanization, the careless consumption of natural resources, and the era of industrialization are about to come to an end. The flight from rural areas will soon be followed by a flight from industrial plants and offices; Finland's standard of living, which is nearly completely structured and continuously becoming more technical, can be maintained at the present level in the future with significantly less wage labor.

According to the Greens, preparations must be made in time for the inevitable change in direction. We must no longer trust in the endless promises of politicians and bureaucrats about a better tomorrow.

In the opinion of the work group individuals and small groups must strive to influence development without asking the permission of officials, even under the threat of a confrontation.

Unemployment Is Not an Economic Phenomenon

According to the program of a new path for Finland, unemployment is not at all an economic phenomenon, and the artificial employment of people will not resolve the actual problems, but will only postpone them into the future.

The work group, which deliberated the problem of unemployment, demands that new and flexible work hours must be instituted even if by means of legislation, part-time work must be increased and the declining number of jobs must be distributed among more and more people. Independent trades people and professions, in which people can employ themselves, should be supported.

In the opinion of the members of the work group, who have been called the republic's dissidents, self-sufficiency should be increased by limiting unnecessary foreign trade, among other things. Finnish citizens should learn to live a lifestyle that is more conducive to conservation in recognition of international responsibilities.

In the opinion of the work group the quality of goods as well as life should be improved in the pursuit of continued quantitative growth.

According to the program compiled by the Greens, the tax on labor should be transferred to a tax on raw materials, energy, and waste emissions. New nuclear power plants should not be built, but solar and geothermal heat, wood, wind power, and peat should be emphasized.

The Greens, who are offering a soft alternative, are also proposing the creation of new local communities and collective housing in their program. In addition, the isolating of "unnecessary" people or invalids and the elderly, among others, in institutions is opposed in their 14-point program.

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DEVELOPMENT AID PROGRAM BENEFITS FOR NATION EXPLAINED

Helsinki HELSINGIN SANOMAT in Finnish 8 Apr 83 p 31

[Article: "Return From Development Aid For Finland Is 60 Percent"]

[Text] According to a report published on Thursday by the development cooperation section of the Foreign Ministry, approximately 60 percent of the aid granted by Finland returns to Finland.

The return of bilateral aid is on the average 65 percent since in bilateral development aid agreements, in general, part of the aid granted is in Finnish products and services. The return percentage of multilateral aid is less or 51 percent on the average.

This depicts the success of Finnish firms in competing for development cooperation projects sponsored by UN organizations. It has been confirmed in the Foreign Ministry that the success of Finnish firms in bids for projects funded multilaterally depends on their competitive ability and the international level of their operations.

The intent is that the development cooperation section of the Foreign Ministry will systematically observe the return of development aid to Finland.

The Foreign Ministry's first report covers bilateral aid for the years 1980 and 1981 and multilateral aid for the years 1977--81.

In 1980 approximately 60 percent of the development aid returned to Finland and in 1981 the figure was approximately 59 percent. In the years 1980--81 the return of bilateral aid was 65 percent on the average. In outright bilateral projects with program countries the return was 72 percent and 79 percent with other countries. The return of development credits was in practice 100 percent.

In the years 1980--81 the return of multilateral aid was on the average 51 percent. In the five-year period 1977-81 this trend was clearly rising. Among individual organizations the largest return percentages were 107 percent for UNICEF and 353 percent for the World Bank.

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POLITICAL

FINLAND

FOREIGN MINISTRY ANNOUNCES AID PROGRAM RECIPIENTS, FIGURES

Helsinki HELSINGIN SANOMAT in Finnish 7 Apr 83 p 11

[Article: "Foreign Ministry Continued 12.2 Million in Development Aid"]

[Text] The Foreign Ministry has granted 12.2 million markkaa for bilateral development cooperation. The recipients of this development aid are Burma, Sri Lanka, and two separate projects in Zambia.

Zambia will receive 2.6 million for its agricultural instruction program and 3.7 million for a cooperative project in a western province. In addition, 2 million have been reserved for the needs of the instruction program in 1984.

A grant of 3.6 million was given to fund Burma's lumber industry project.

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UNITY SEEN IMPOSSIBLE IN FRACTURED CENTRIST FACTION

Athens TO VIMA TIS KYRIAKIS in Greek 17 Apr 83 p 14

/Article by Mikh. Dimitriou/

/Text/ Recently the rumor over the creation of a "centrist" or "center right" party was revived. The cause of this conjecture was provided by some "movement" that was noted in what continues to be called the "traditional centrist area," primarily with the assembly of the "Party of the Liberals" and the "Movement for a Unified Progressive Center."

The primary cause for the sudden "movement" is the opinion of "those involved in the movement" that "PASOK is beginning to go into ruin and to definitely lose followers," in other words that there is some favorable political chance for the revival of the movements around the Center.

At the same time, certain ND deputies and cadres (who are flirting with the idea of a "center right" faction) are promoting the possibility of a "center right" formation from the top that would be created once ND had been broken up.

However, this hope that was revived after the appearance of the "best seller" book by Mr Georgios Rallis was refuted by the explanatory statement of the former prime minister (see I KATHIMERINI of 10 April 1983) that such a political initiative is not among his intentions.

Those "in the know" consider more certain that the leadership aspirations of Mr Rallis refer to a unified ND. And also that no "successor" (if he wants to remain with these stocks in the political stock exchange of the Right) has the intention (a true one) to withdraw from the ND "big store." Beyond that, even in case a leading ND cadre, as, for example, Mr K. Mitsotakis, were to withdraw and create his own party, it is not certain that he would be able to decently survive election-wise, either he himself as well as those partners whom he would want to have follow him.

As experience has repeatedly shown in the past ("Alliance," "Initiative," KKE (Int.), KODISO Democratic Socialism Party, etc.) the dissociation of deputies and cadres from one specific political and social element is not characterized by corresponding shifts in the grassroots. Indeed, much more when these leadership and cadre "unions" are made in the name of some

juxtaposition toward a specific large political group. The shifts of the voters is not something mechanistic, just as also the final preference of a citizen in parliamentary elections constitutes a complex phenomenon.

Nevertheless, since one sees no end to probabilities and theories, it is a fact today that:

With regard to ND, its breakup or desertions from it in the foreseeable coming months does not appear likely since even those who are undermining Mr E. Averof are proclaiming their faith in the unity of the party.

As has been written recently, a political chance for the creation of a unified center party by personalities and cadres who in the past were authoritative expressers of this ideological and political area appears anything but favorable.

In one word, it is considered absolutely impossible --and this will subsequently be proven-- for Messrs P. Pesmazoglou, Ioannis Zigdis, K. Bandouvas, Nik. Venizelos, Virg. Tsouderou, Khar. Protopapas, Pavlos Vardinogiannis, etc. to exist together under one concrete party.

TO VIMA has repeatedly analyzed why after the popular verdict of 18 October 1981 any hope for a centrist party that would constitute an alternate or supplementary "solution" for governing the country is simply utopian.

Just as TO VIMA had clearly and explicitly maintained that such conjectures --that constitute the other pathological phenomena of the political life of our country-- aim at nothing but the undermining of the governmental task, of the popular mandate for the completion of the first 4-years and the tampering with the popular will of 18 October 1981.

Nevertheless, regardless of TO VIMA's stance, the most convincing answer is given today by the carved up picture of what was once the traditional Center that was swallowed up electorally, politically and ideologically by PASOK in the critical electoral reckoning 15 months ago. The view that these "small parties" and movements constitute mere clubs of cadres (with often brilliant democratic and scientific distinctions) is justified in a series of given facts.

None of these parties have up to now confirmed its dynamic influence with large open gatherings, with the attraction of prominent cadres, with possible favorable results in municipal elections or other elections in associations, labor unions, advanced schools, etc.

Within KODISO, headed by Mr Giangos Pesmazoglou, there are quite a few well-known cadres such as Khar. Protopapas, Virginia Tsouderou, T. Mazarakis, G. Khionidis, G. Krimbas, etc.

As for EDIK's /Democratic Center Union/ leading cadres, Mr Ioannis Zigidis does not desire to provide much information but confines himself to naming Messrs Ir. Sakkalis and Gr. Mourgelas because, as he stressed, "We do not want to give the names of certain ones because they are being pursued."

In the Party of the Liberals, the so-called political bureau has been primarily made up of former deputies and new professionals. Its chairman is Mr Nikitas Venizelos, secretary general and parliamentary representative is Mr Dim. Khondrokoukis, organizational secretary is Mr Dimos Botsaris, and its members are Messrs Pavlos Vardinogiannis, G. Kotzias (lawyer), Pan. Mazarakis (businessman), G. Bambanikolas (lawyer), Evan. Xylouris, Ag. Spiliakos and Fotios Spanos (lawyer).

The Movement for a Unified Progressive Center is represented by a former deputy, Mr Kon. Bantouvas, and its provisional coordinating committee is made up of Messrs An. Andonopoulos (lawyer), Than. Zikogiannis (lawyer), Ioan. Krikelis (professor of medicine), Mikh. Moros (general), Dim. Papakonstandinou, (honorary director general), G. Papamikhelais (civil engineer), Khristos Politis (lawyer), Maria Tsylainou (businesswoman and labor union official), and Mikh. Khoustoulakis (health technician and labor union official).

Without any affiliation with any kind of movement or party (evidently because the current ones do not express their feelings) are certain elements of the traditional liberal and post-dictatorship Center such as Messrs Alexandros Baltatzis, Georgios Mylonas, G.V. Mangakis, Anastasios Minis, Stergios Khasapidis, Nik. Argyropoulos, etc.

Despite very great disagreements (ideological and personal) there are also certain common (or somewhat common) views that characterize the four organized "centrist" groups, such as the following:

- The joint representation electoral system.
- The "polarized situation" in the present life of the country and the avoidance of the danger "of national division" which they maintain is evident.
- The "constantly growing mass of centrist voters" who are today considered as being displaced and dissatisfied with the policy of the government and PASOK which they elected.
- The conviction that the government did not want to utilize certain cadres of these movements and parties but to the contrary undertook systematic endeavors --as, for example, on ND-- to convince the people that "there is no Center."
- The affirmation of each one separately that it believes not "in the revival of the Center schema" but in some modernized and renovated form that is judged to be a national need.

Nevertheless, beyond these provisions, there are deep and intense differences. For example, "the unrepentant anti-rightist" Mr Ioannis Zigdis disagrees with the government mainly on the way issues are handled (as, for example, foreign policy issues), while KODISO and the Party of the Liberals often give the impression that they criticize the government from "more rightist positions."

These differences are of strong and real significance in two main issues. One concerns the way in which each party and movement separately determines its own appearance and role and the other concerns the (prohibitive) condition that each one imposes on the other.

Mr Giangos Pesmazoglou maintains that KODISO "is ideologically and organizationally an important power capable of rallying the democratic progressive people."

Mr Ioannis Zigdis, whose party recently began a systematic organized form of activity, believes that "EDIK exclusively expresses the Center. It is the successor of the former Union of the Center and Georgios Papandreou. Its ideology has been made crystal clear by a regular congress. It is the ideology of democratic socialism that aims at, through evolutionary change, the establishment of a state of popular well-being." On the other hand, Mr Nikitas Venizelos maintains that "within the Party of the Liberals we have united the forces of the Center. Only the 'Liberals' exist at this time. The Party of the Liberals brings back to our fatherland those great visions of the Greek race."

The group of cadres that make up the Movement for a United Progressive Center believes that the results of 18 October are restrictive for all those who want to maintain that they represent the centrist area and stresses that "no element and no personality of the past is in a position to play the role of connective link and even more the reviver of the Center."

The Movement characterizes present groupings as "leaders' parties" and considers the giving up of the leadership titles of all as a prerequisite for the promotion of a new centrist leadership (following a congress and generally accepted democratic proceedings). Indeed, Mr K. Bantouvas states in advance that "I and the rest of the Movement publicly commit ourselves not to lay claim to any office so as to bring about a new and unified party. We want unity, that now exists at the grassroots level, to exist too at the top. We do not have any personal ambitions."

The especially unpleasant and revealing thing is not merely the fact that none of the three parties does not accept the assembly conditions of the Movement but that each one stresses that each one by itself and only it can ensure the very much desired centrist unity.

Mr Pesmazoglou, on the basis of the negative endeavors for unity mainly from the time of the pre-electoral period, comes to the conclusion today that "we are continuing the autonomous and unity course that we formulated. Time and events shows us to be right."

The Party of the Liberals emphasizes that "an attraction pole for centrists today can be none other than our historic party and for that reason we proclaim a general invitation." As Mr Khondrokoukis, the parliamentary representative, added, "We desire unity; we have doors open but we do not go begging." For his part, Mr Ioannis Zigdis is explicit: "EDIK has nothing personal. It is a party of principles. Its president has repeatedly expressed them and says that at the next congress he will ask the cadres to select a new president if that serves the party's interests. The present EDIK president has nothing to do with childish ambitions or base self-interest. EDIK is following political developments and is getting ready to undertake a new crusade for its becoming effective once again with new --and not only age-wise-- cadres who are not burdened either by apostasy or desertions, as well as with old cadres who for various reasons had become inactive or were led astray."

With discouragement, the Movement, that is represented by Mr Kon. Bantouvas, says that it perceives that the persistent attempt to bring about unity among the leaderships of the various centrist parties and groups "failed because it came up against the intransigent ambitions and love of power by its leaders."

It is therefore natural for every group to program its own form of activity, to nurture its own hopes for its future influence, to have comments made by its cadres to the detriment of cadres of another group and to pinpoint as common places of electoral patronage Crete, Athens and mainly Makedonia where campaigns are often held at banquets and closed meetings.

Despite all that is being written to the contrary, and for reasons that we do not want to judge, all the present leaders of the once traditional Center have set limits to their political area in a mainly negative manner. In other words by placing limits and conditions that not only do not promote the concept of general unity (in which no one believes) but by cutting off every opportunity for discussion or disposition for cooperation. Mr Nik. Venizelos does not hide the fact that "we are for unity but we do not believe that it will come about." And he specifically points out, "EDIK does not have the prerequisites for union. Mr Zigdis is a distinguished politician but he failed and he does not have prominent cadres that are indispensable to a party. KODISO has a special organization in Northern Greece but it has done nothing in 4-5 years."

In turn, Mr G. Pesmazoglou eloquently observes that his former initiatives for unity failed and that he did not get any response "from those who consider possible a restoration of the Center through leadership mergers and old-time party bargaining."

Much more direct is Mr Zigdis who emphasized that not only the unified party but neither EDIK itself can put up "with the bringing together of every form and kind of political apostates, turncoats and opportunists. They will never come into the party they betrayed."

With the above-mentioned facts in mind, each of the centrist parties has, of course, a right to formulate its own difficult and solitary path it has chosen to follow. The conclusion is clear: There is no prospect for a union of the present party formations. As far as the percentage which they got in the 1982 elections, i.e. altogether those who today....., it did not amount to but 1.5 percent.



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WILLOCH'S MANNER OF OPERATING IN CABINET DESCRIBED

Oslo DAGBLADET in Norwegian 9 Apr 83 section 2 pp 2-3

[Article by Arne Finborud]

[Text] More than ever before in the past 10 or 12 years the applause is genuine. Previously it was merely polite applause, but today Willoch is at the apex of his power, within both his party and the country as a whole. He is less controversial among his own people than ever before and he has done a good job as prime minister--so far. This is shown by opinion polls on both him and the Conservative Party.

More Respected Than Loved

Regardless of the tribute he receives from his own people, Willoch is and will remain head of the Conservative Party government--but he never will be prime minister of the entire nation. He is not a man of the people. Even his political opponents see that Willoch is clever, but it is a long way from there to being fond of him. He is not conciliatory and likes to debate and because of his sovereign style most people cannot identify with him, as he tries to appear infallible. He is more respected than loved and remains distant from others.

Enjoys Himself

Kare Willoch obviously enjoys himself as prime minister of a Conservative Party government. It is doubtful that he would be as comfortable in a coalition government. He is accustomed to dominating the Conservative Party. His working style is hardly suited to compromise with the fellow party members of Bondeviker and Borten.

Old-Fashioned

On New Year's Day, when radio listeners could call in and state their opinion on the prime minister's New Year's speech, I was struck by the remarks of a woman from Oslo who clearly was a supporter of the Conservative Party. She said she liked Willoch, but added:

"Even though I am getting along in years, he seems a bit old-fashioned

to me."

I believe many people agreed with this description of Willoch, both as a politician and as a person. He is only 54 years old, so it is not his age that makes him fit this description.

Last Word

As a politician Willoch sees every issue as a battle that must be won. People he meets must be overcome. He has an aggressive approach to people and issues and that irritates both fellow party members. It has become almost an obsession with him to get in the last word, regardless of how insignificant the issue. Even after a debate has been settled in his favor he continues to pile up new arguments. The art of moderation is almost completely lacking in his debating technique. This has created serious problems for him as leader of a parliamentary group that he has systematically controlled according to the principles of enlightened despotism. This control of every detail from above has made him few close friends in his parliamentary group, but many have grown to respect and admire him and his ability from afar. Occasionally he is capable of showing an astonishing lack of thoughtfulness and psychological insight with respect to others.

As prime minister he does not have the same chance to control every detail, but he still has complete supervision over current matters in the various ministries and nothing emanates from the government unless the prime minister himself has gone through it thoroughly.

Surroundings

His style of leadership as prime minister also is characterized by his personal qualities. To take his greatest weakness first, he does not create pleasant surroundings. He spends no time with his cabinet ministers or other colleagues on a more informal basis and never at private functions. Even cabinet ministers who live in Oslo are never invited into his home to chat.

Willoch is not an outgoing prime minister. He never dedicates bridges or new highways. "He could at least receive a school class from time to time and make sure pictures were taken for the newspapers," a party worker sighed the other day. But no school class from some remote region of Norway is permitted to disturb Willoch in his daily routine. He also travels and presents speeches rarely.

Staff

Each morning at 9 o'clock the prime minister and his staff hold a morning meeting. This includes cabinet ministers Erling Norvik, Erik Naesheim, Kjell Colding, and personal secretary Terje Osmundsen. They both listen and offer advice. Norvik is responsible for the press, but with his political experience he also acts as an antenna to receive signals from other party members. He

also does much of the traveling throughout the country that the prime minister does not wish to do himself.

Colding is from the Foreign Ministry and has special responsibility for security and foreign policy matters. He has no direct party experience, but as an official in the Foreign Ministry under Labor Party governments he was used frequently by the Conservative Party as an advisor in his field of expertise.

Naesheim is probably closest to Willoch. Typically, he is the least outgoing of those present. He knows Willoch from years of work within the parliamentary group, where Naesheim was head of the Conservative Party secretariat. He is one of the important gray eminences in Norwegian politics.

Osmundsen is the political Wunderkind of the Conservative Party. At 25 years of age he already has a political career behind him and, on top of that, he has a university degree in political science. He is more a political thinker and strategist than an inspiring and eloquent vote-getter.

Speeches

All four write drafts for Willoch's speeches. They supply their boss with ideas, suggestions, and reactions, but Willoch always carefully goes through everything he is going to say and makes numerous corrections in the manuscripts that are delivered to him. He is extremely careful because he is a master at attacking his opponents by quoting what they have stated in the past. For this reason, he is careful not to be caught making statements he has not considered carefully.

Boss

Twice each week the cabinet ministers meet on the top floor of the government building. There is no doubt as to who is boss. But in this gathering of his party colleagues, Willoch lets himself go. He obviously enjoys it. He even becomes jovial and laughter often rings out around the table after a remark by the prime minister. It is not merely polite laughter. Occasionally Willoch even engages in humor at his own expense. This is something he refrains from doing on other occasions.

Control

He controls his cabinet ministers with political purposefulness. After one of the ministers has brought up an issue and his colleagues have discussed it, the prime minister always concludes the discussion. He has complete political control and there is no doubt as to who makes the decisions. He also takes full responsibility and demands complete loyalty. This working style has been successful in this government, but it is doubtful that it would be as successful with several parties around the table.

Presthus

Rolf Presthus is the cabinet minister with whom he most often confers, naturally enough. Otherwise, however, he confers with few people and he associates with few prominent party members on an informal basis to discuss political matters. He relies primarily on himself and his own judgment. Willoch often meets with the working committee of the Conservative Party. When he does not have time, he sends Erik Naesheim, who observes and reports back to Willoch. He is a constant guest at meetings of the steering committee of the parliamentary group, where he makes sure things are done in an acceptable manner. The meeting of the entire parliamentary group afterward usually is simply a formality. The group has become too large to hold debates. This occurs only on rare occasions.

Benkow

Willoch cannot avoid the Conservative Party chairman Jo Benkow, however, even though Benkow does not visit the prime minister's office often. Instead, they generally use the telephone. There is no close relationship between them. The division of power in the Conservative Party has worked so well because there never has been any doubt as to who the political boss is. This also was the case with Erling Norvik as party chairman and Willoch as leader in parliament.

Sovereign

Kare Willoch is sovereign and always has been. A "loner" is the word used most often by AFSENPOSTEN and other Conservative Party newspapers to describe him when they are at their most panegyrical--which they usually are. He takes his work and himself seriously, and it shows. But all this respect is hardly healthy for him, because he is vulnerable when everything does not go right for him. Then he reveals a lack of resistance, soon becomes surly, and all the praise and homage has isolated him from everyday life and the thoughts of ordinary people.

Contempt

This was demonstrated by his reaction when it was discovered that, as a representative in parliament, he had received a sizable additional salary from the Federation of Norwegian Industries and the Norwegian Association of Shipowners. Willoch could not understand that this was anything to worry about and that anyone could think the presumptuous thought that he was beholden to anyone other than those he actually represented in parliament. He was full of contempt for those who questioned his integrity and, true to form, he made no secret of this. Many people were made aware of this. He reacted in the same manner as Per Kleppe during the "blue card episode." He, too, was sovereign and intelligent, but could not overcome an awkward situation that brought him down to the level of ordinary people receiving benefits that do not look good in the light of day. This demonstrated the clear limitations of his judgment and self-criticism, as a result of a narrow circle of social contacts and a limited political range.

CHRISTIAN PEOPLE'S PARTY CONGRESS BACKS JOINING COALITION

Weaknesses, Strengths of Party Viewed

Oslo AFTENPOSTEN in Norwegian 14 Apr 83 p 2

/Text/ Commentary by Tor Bjorklund: "Similarities Between the Progress Party and the Christian People's Party"

/Text/ This year is the year of party anniversaries. The oldest, the Liberal Party, marks 100 years. The latest shoot on the party tree appeared 10 years ago. This was the Progress Party, which up until 1976 was called "Anders Lange's Party for Reduction of Taxes and Fees and Governmental Interference." The two youngest parties are both ahead of the oldest as far as party adherence is concerned. Despite obvious differences between them, they show common characteristics.

The Christian People's Party was established on bended knees. Twenty-five men kneeling in prayer found an answer in God. Uncertainty became certainty. The will of God was behind the new party.

The Christian People's Party certainly was not born without advance preparation. In several previous elections unsuccessful attempts had been made to present a separate list of candidates for Christians. On the other hand, the conception of the Progress Party was not the result of long-range planning. The party was born suddenly and unexpectedly.

The Saga Threater Meeting

The Progress Party was formed at the Saga Theater in Oslo 8 April 1973 in acclamation and raising of hands. The meeting that started the party was the strangest beginning of any Norwegian party. Here were none of the features usually found: peeling off from old parties, social classes nor special interest groups clearing the way to new paths.

The Saga meeting was not announced for the purpose of establishing a new party. It was to be a speech by Anders Lange, guaranteeing "a speech that will not easily be forgotten." No discussion was planned, nor was it permitted. The lease contract with Oslo Municipal Motion Picture Theaters banned discussion. To be sure, the idea of a party had earlier been aired by Anders Lange, but as

often had been rejected. In 1960, Lange said: "Do not expect that I shall establish a new party. I shall lead a popular movement the like of which politicians have never before seen in this country, and without moving a finger in party politics." Despite such statements the possibility of a new party was kept open but not very seriously until 1973.

The Lost Hope of a New System

Why, then was the party established 10 years ago? Partly because the hope of a changed system--a change of course--through a nonsocialist government disappeared when the bourgeois coalition government, the Borten government, had been in power over 5 years. This realization was not new to Anders Lange in 1973. In 1968 he had in his own newspaper complained of the tax pressure by the Borten government, but concluded: "It is hopeless to think of establishing a new conservative party." That the time was thought ripe in 1973 was not due to strong, organized groups having pledged support. Planning and preparation for the establishing meeting at Saga was all done in Anders Lange's home and in his close circle of young conservative-oriented men, the so-called "dog boys." Carl I Hagen was not among them.

Danish Contagion

The news of the sensational popularity of Glistrup in opinion polls must have been the inspiration for establishment of a party. To Anders Lange, Glistrup's opinions were an echo of his own. He himself presented the contagion effect from Denmark as significant. After the election, he said: "Glistrup lit the fuse and now the explosion has taken place."

In addition, the year of the establishment came in the wake of the EC struggle, when distrust of established politicians was more widespread than both before and after. In addition, the standpoint on Norwegian EC membership had crossed party affiliations and led to party splits and formation of new parties. A sense of new departures was created.

A Common Feature

The two celebrants, the Progress Party and the Christian People's Party, stand far apart. On some questions (alcohol legislation, for example) they stand poles apart. Nevertheless, they clearly have one thing in common: Neither of them was formed as a tool of a social class or a group of economic interests. Causes were focused upon when the parties were founded.

The Christian People's Party was and is a protest against encroaching secularity. Special events in 1933: Overland's lecture "Christianity, the Tenth Plague," and the play "Green Pastures" actualized the secularization and were the drops that made the cup run over. Forty years later oppressive taxes and government encroachments were the driving force of the protest.

Age and Sex

Typically enough the Christian People's Party is the Norwegian party that more than any other is a reflection of the various social classes. Nor has

the Progress Party shown any stable mooring in definite professional groups or any one social class. In the course of time a shift of the center of gravity from white-collar workers to labor has taken place.

The two parties' voters are best characterized by class-neutral qualities: age and sex. The Progress Party--in its very earliest phase carried forward by the "Dog boys"--has proved to have a special appeal to young men. Among men under 30, the party was in 1981 the country's third largest party, with 30 percent of votes cast.

The Christian People's Party, founded by men exclusively, has throughout its history been shown to have a strong attraction to women, especially to those a little older. In 1981, one of five women belonged to the Christian People's Party.

"Issue" Voting

The two parties illustrate a discovery made by election researchers in the 1970's: Party preferences are freed from social structures, professions and trade and place of residence. It became more difficult to predict voting patterns. The importance of social background diminished. Voting was to a greater degree determined on the basis of certain issues and the goals that at the moment were most important. American election researchers refer to this as "issue voting." This, in contrast to social background, is a shifting and floating dimension. This caused a new mobility in the mass of voters.

The Christian People's Party was an early forerunner in issue voting, but a somewhat special representative since its heartfelt issues are so closely tied to and rooted in religious values and Christian organizations. The Progress Party, on the other hand, is the typical example of the importance of issues and the floating voter. No Norwegian party is directed toward so dormant a group of voters as is the Progress Party, as shown by opinion polls. This may be both a strength and a weakness of the party.

Congress Yields on Abortion Stand

Oslo AFTENPOSTEN in Norwegian 16 Apr 83 p 2

/Article by Ottar Julsrud: "Kr. F at the King's Table in the Fall?"/

/Text/ The Christian People's Party may be able to enter the Government Building before the year is over. This is one possible result of the congress decision of yesterday. If this should prove impossible, possibility number two remains: One defers joining a three-party government. The congress asserted that it is not to be a principle of the party to refrain from entering a government "that administers a free abortion law." And Kare Kristiansen has doubtless obtained better support for his further efforts to ripen the cooperation idea.

The so-called abortion barrier of the Tonsberg decision was repealed after 2 years of intense debate on interpretation in the party organization. A clear

majority for a new compromise has now been obtained--but the disagreement on interpretation will remain, at least until the party's cabinet ministers, state secretaries and personal secretaries have taken their places. To be sure, the congress asserted that the Storting group "shall in consultation with the party board" decide when an eventual participation in the government is to take place. But there is little reason to believe that the debate could thereby be limited to the leading organs.

The proposal that gained about one-third of the votes in the preliminary voting on Friday involved retaining the abortion barrier during the present Storting period, i.e. up until the 1985 election. This vote defeat now provides the basis for an antithetic interpretation. It strengthens the passage in the adopted statement to the effect that one could enter a government during this period, if "a special parliamentary situation arises."

Another proposal would have given the Storting group free hands and not tied participation in a government to an anticipated government crisis. This would probably not have obtained more than 20-30 votes, which would have narrowed the possibilities of maneuver of those favoring government participation. Therefore Sverre L. Mo, Gunnar Prestegard, et al, wisely decided to withdraw the proposal before it came to a vote.

And finally, Kare Kristiansen can hardly be said to lose in his exchange of roles with Kjell Magne Bondevik, on which the congress will today put its stamp of approval. The Storting group's leader will at the outset be assured reasonably good influence upon the question of when the special parliamentarian situation is approaching. His job will not be an easy one, of course. It may be worth recalling that no less than three of the members of the group figured as supporters of those who wished to retain the abortion barrier up until 1985.

The road is thus open for lively discussion on the degree of "specialty" of future parliamentary situations. As the extreme consequence Kristiansen must reckon with votes in the national board and in the group.

The congress debate and its prelude have precluded any liberal interpretation of the cooperation statement for the time being; most likely much effort will be needed for an expansion of the government to become an actuality during the spring session. The rather bombastic abortion barrier in the Tonsberg decision requires a longer burial ceremony. Both internal and external considerations require it.

On the other hand, there is reason to believe that the fall budget debate will prove to fulfill the demand for a "special situation." The best solution would be to accept the "situation" in advance by taking responsibility for presentation of the budget. Likely, the best attainable solution is that of asserting that cooperation is required for getting an economic plan through the Storting when the problems have been clarified. For the rest, it should be remembered that the stated willingness to collaborate is firm in the two other parties. However, the Christian People's Party must probably also reckon with the eagerness to get them to go along will not necessarily increase

in the Conservative party. Nor should one forget that one minister or another may be busy tying up as much as possible in the way of legislation, of premises for decisions, etc, with the idea in mind of a possible government expansion.

The desire as well to come out with a credible alternative in good time before the 1985 election, and to bring an end to the interpretation dispute in the party, points in the direction of a situation being defined as "special" within the foreseeable future. Even for some former sceptics this is probably the case.

Various motives lie behind the desire for a "breathing space" in the government up until 1985. Some wish to breathe new life into the dream of the Center, others wish the party to remain completely free, like "the light of the earth and the salt of the world" (Matthew 6. 13 ff).

Debates on strategy in the Christian People's Party are of a dimension missing in other parties. Such as, for example, when Olav Djupvik recently in a newspaper item explained why it is a sin and contrary to God's will to take positions other than his own. Consequently it becomes unthinkable to bow to a majority decision in such matters. But why does the limit go for the morally acceptable just at government participation (while being a support party is acceptable)? Why will it be more acceptable in 1985? And which new factors in the debate on premises for government participation could not reappear if the matter is postponed for 2 years? To such questions the congress gave no answers.

Paper Urges Coalition Formation

Oslo AFTENPOSTEN in Norwegian 16 Apr 83 p 2

/Editorial: "Christian People's Party in State of Readiness"/

/Text/ With a clear and persuasive majority the Christian People's Party congress has given the green light to participation in a nonsocialist majority government in the current Storting period, but with the proviso that a "special parliamentary situation" arises, which in the opinion of the party Storting group necessitates a new government. This amounts to a restriction but also, to quote Kjell Magne Bondevik, a necessary readiness and freedom of action in the event an issue creates a difficult parliamentary situation.

Many had surely hoped that the Christian People's Party would have dared to go a little farther, stressing the party's responsibility and obligations during a period that calls for the broadest possible cooperation. Nevertheless, the decision of the congress amounts to considerable progress in relation to the Tonsberg decision's hard and fast conditions with respect to the government question.

On the basis of a total appraisal, the Christian People's Party Storting group will be able to initiate discussions with the Conservatives and the Center Party about the formation of a majority government. The "special parliamentary situation" referred to has in reality existed ever since the

Conservatives had to form a government alone, thus being dependent upon support by the Christian People's Party and the Center party to be able to carry out the policies required. We already have sufficient experience to be able to assert that, on the basis of national considerations, a tripartite government with a firm majority in the Storting should be formed.

The decision by the Christian People's Party congress does not mean that the country must be at the brink of a parliamentary crisis for the Christian People's Party to join in an expansion of the government. It is expressly stated that the Christian People's Party can enter into negotiations on government cooperation and participate in a government without a government crisis having arisen. One would think this would go without saying. It seems to us that it would be sensible to turn the problem around and ask what the Christian People's Party and others can do to avert such a crisis-like development, in which some seek to speculate.

Since the Conservatives, the Christian People's Party and the Center Party jointly are guarantors of our having a nonsocialist government in this Storting period, the leaders of the three parties ought to take positions on this problem as adults and responsible persons. We should expect that an important national concern such as this is not drowned in shortsighted party interests. The time has come to take an initiative instead of waiting for the crisis to appear. For it will come unless a final clarification of the government question is arrived at.

So one does not let the government question drift along. One does not even need to await further developments. When the three coalition parties have dealt with the government situation at their congresses, we expect that they will take the steps necessary to put bourgeois politics on the offensive. The formation of a majority government can contribute to a visualization of the cooperation and create better conditions for attaining the main objectives of the nonsocialist alternative.

11,256
CSO: 3639/102

PSOE PREPARES POST-ELECTORAL LEGISLATIVE 'OFFENSIVE'

Madrid EL PAIS in Spanish 23 Apr 83 p 12

Article by Fernando Jauregui

Text The government is preparing for a substantial legislative offensive for the period immediately following the municipal and autonomous elections which are to be held on 8 May. It is expected that these elections will result in a major socialist victory, as sources close to the Felipe Gonzalez cabinet have confirmed. The government's actions will fundamentally affect three areas of activity, these sources emphasize: the economy, education, and the courts.

Although official government spokesmen categorically dismissed the idea that consideration is being given to implementing a new stabilization plan, it is nevertheless probable that some measures might be adopted after the elections which could be unpopular but which cannot be deferred in terms of a program of economic recovery. For example, such measures might include making trade union contracts more flexible and possibly turning over to the private sector certain areas of the social security program.

Prime Minister Felipe Gonzalez himself confirmed the probability that seasonal work contracts will be drafted in the near future. He indicated this in the press conference which marked the first 100 days in power of the Socialist Party government. Neither the seasonal work contracts nor the partial privatization of the social security program appears to be based on projects which have already been mapped out. Despite this fact some members of the cabinet are trying to ensure that both of these issues will come up for detailed discussion at the cabinet meeting on 11 May, that is, immediately after the elections.

Game Plan

These two measures, which basically affect the Ministry of Labor, will be supplemented by sending to the Cortes Parliament, also during the month of May, an already announced draft bill on industrial reconversion, which will serve as a guide for the changes in the industrial sector which have been indicated by the government in general terms. The government program accepts the possibility that about 50,000 jobs, at the most, may be lost over the

short term and in the sectors directly affected by the industrial restructuring plans. Nevertheless, it is considered that this reconversion cannot be delayed in the course of straightening out the overall economy of the country and ensuring, over the medium term, the massive creation of jobs. It seems "practically impossible" for this to happen during the life of this parliament and therefore that the creation of the promised 800,000 new jobs will will become a reality, as the responsible economists of the government now admit unanimously.

The presentation to the country of work programs which are "realistic and effective, putting things as they are, without seeking to hide the seriousness of the economic situation," would make possible, our leaders hope, opening negotiations in June with labor and management, to try to reach agreement on a program which would cover the next 3 years. No further action on monetary policy and flexible programs for this plan of action, government circles hope, would avoid talk of stabilization for the next 3 years.

Nevertheless, official circles we contacted seem to be aware of the damage which these measures will cause for the government. Yesterday ~~22 April~~ a cabinet minister said: "We will try to face up to his damage collectively, as a cabinet, without anyone trying to salvage this own image and at the same time not allowing all the public outcry to fall on this or that ministry. In this sense, although it is true that there are different points of view on specific strategies to follow, the government is fundamentally united." The minister categorically rejected the possibility of any reshuffle in the cabinet over the short term.

It will not be only in the economic sector that the new offensive of the Felipe Gonzalez cabinet can be seen. During the last few weeks the government seemed to be deeply involved in working on the state budget for 1983, which yesterday ~~22 April~~ was finally sent to Cortes almost 1 month late in terms of the expected schedule. The Ministry of Justice, one of the most active ministries over the nearly 5 months the socialist government has been in power, is considering sending to Parliament before the end of May a draft basic law on the structure of the courts--which will first have to be submitted to the General Council of the Judicial Branch of its opinion-- and a draft law on civil procedure.

New Stage for the Parties

Furthermore, it is expected that in June the committee charged with drafting a new draft penal code, a committee including jurists like Manuel Cobo del Rosal or Enrique Gimbernat, will have completed its work and the draft law will be ready for examination by the cabinet. The new draft law would complete the work begun by the more urgent reform of some articles of the Penal Code, a reform which is presently under discussion at the plenary session of the Congress of Deputies.

For his part the minister of education will have to present to the cabinet, also in May, the basic concept which will replace the law on the schools--a

concept which, even though not yet completely known, has already begun to be attacked by the more conservative groups linked to religious education. The concept should also complement the basic law on the universities, which will raise, among other things, the dual autonomy of the universities, will introduce social councils as organs of government, and will regulate the existence of unvalidated degrees, together with validated degrees.

Also pending, to be raised at one of the next cabinet meetings, are various other important matters: the proposal to regulate the right of habeas corpus continues to arouse opposition from significant political groups, directed against the Ministry of Justice. Thus far, no definitive decision has yet been made on the FACA plan [armed forces modernization plan] (although the choice of the American-made F-18 A now seems certain). And the diplomatic remodeling program, begun in January, under which the nomination of some new political figures as ambassadors is expected, perhaps affecting such capitals as Rome or Lisbon, has not yet been completed. These are only some of the examples of the questions which remain outstanding from one cabinet meeting to another, no doubt waiting for the new support which the next elections would signify for the government.

All of the foregoing seems to suggest that the weeks following the elections of 8 May will record renewed, official activity. Presumably, the activity displayed in terms of government policy will be parallel to what takes within the political parties, as a consequence of the new alignments and readjustments required by the results of the elections.

5170
CSO: 3548/376

CENTER PARTY, FALLDIN SHOW NEW ENERGY IN OPPOSITION

Stockholm DAGENS NYHETER in Swedish 17 Apr 83 p 8

[Article by Sven Svensson: "Center Party Reloads--New Strategy Is Two-Front War"]

[Text] Now the Center Party is reloading. Barely 6 months after the election defeat a new political strategy is beginning to take shape. After a number of district meetings the party council is to meet on Friday in Malmo. The Center Party expects to hit hard at both Olof Palme and Ulf Adelsohn to emphasize its identity and pave the way for Thorbjorn Falldin as prime minister after the 1985 election. Thorbjorn Falldin is determined to have revenge after the change of government, and his political strategy is to wage a two-front war against the Social Democrats and the Conservatives until the 1985 election. The Social Democrats will be criticized for their concentration on a bureaucratic and centralized policy, while the Conservatives will be attacked more strongly than previously on different issues.

The strategy was discussed at the latest district meetings, where Falldin launched a very hard attack against the Social Democrats. The political situation will come up for a new discussion on Friday when the party council meets at the Hotel Kramer in Malmo.

This strategy points out a tactical dilemma for the Center Party. Many Center Party voters are not now favorable to the idea of entering into a Conservative-led three-party government under Ulf Adelsohn, and they see Falldin, after almost 6 years as the head of government, as the obvious non-socialist prime minister candidate

Still there is no sign of a government boycott of the Conservatives.

"That is an entirely too direct signal," said Falldin. "The Conservatives are sailing before favorable winds in voter opinion. So it is difficult for

ordinary voters to understand that it should be totally impossible for the Center Party to participate in government cooperation with the Conservatives."

Therefore it is important to go forward softly in criticizing the Conservatives by trying to explain the differences in policy between the Center and the Conservative Parties. The risk is otherwise great of helping the Conservatives.

Standard Answer

Falldin expects that there will be much harassment about the role of the Conservatives in forming a government.

The standard answer from his side, which will surely be repeated ad nauseam, is that it is the policies which decide if a nonsocialist three-party government can be formed. It is then understood that these are not known with certainty before the result of the election is determined.

Still it is certainly a fact that another Conservative election success can result in the Center and Liberal Parties refusing to enter a new nonsocialist three-party government.

Many Center Party members across the country believe that in that case the Conservatives should form a government alone and govern themselves to death in the attempt for 6 months. The Conservatives would be forced the entire time to compromise with the left to get their proposals through the Riksdag. It would destroy their credibility.

Palme's "Invitation"

Falldin's position is more subtle. He is convinced that Palme's so-called outstretched hand is in reality anticipating the time after the 1985 election.

By means of the outstretched hand Palme is trying to find a way of remaining in the government, even if the socialist majority in the Riksdag should be lost in the next election.

Nothing in the Constitution says that the Palme government must depart immediately after an election defeat. The precondition for forcing out the Palme government is that the nonsocialist parties must come together in a vote of no confidence.

If a clearly expressed division arises between the middle and the Conservatives on the government question, Palme's possibilities of remaining are increased, even after an election defeat. A no-confidence vote presupposes that the three nonsocialist parties are also ready to share the responsibility of government.

In the situation today Falldin believes that there is a special reason to start in on Social Democratic policies. Falldin believes that Palme is aiming at a bureaucratic centralization of power as quickly as possible.

Falldin sees this model in a long succession of issues. For example, the proposal for compulsory cutting and cashing in of the forest, the wage-earner funds proposal and the proposal for small home charges.

Confidence

Furthermore the Social Democrats have turned the economic policies 180 degrees. Instead of the Falldin government's economic policies, the Palme government increased national expenses by 40 billion, taxes by 20 billion and the budget deficit by 15 billion.

Falldin deeply resents this policy for personal reasons.

This is the reason why Falldin, at the Center Party district congresses during recent weekends, attacked Palme unusually hard, and categorically rejected all possibilities for a red-green coalition.

The election results meant that an obvious crippling of negotiating ability had taken place in the Center Party. Much of that crippling is now falling away.

There is a kind of connection between the increased confidence in the Center Party and proof of the Social Democratic Government's difficulties in fulfilling their election promises. When it comes down to the nitty-gritty, the Social Democrats did not have the patent medicine for solving the economic crisis either.

Main Goal

As for Falldin, who gained much experience and knowledge as prime minister, a main goal is that the middle parties together should be stronger than the Conservatives.

That requires harder criticism of the Conservatives than during the days of government cooperation, when Falldin was very lenient and kind toward Gosta Bohman.

Whipcrack Against Conservatives

Falldin sees the balance between criticism and cooperation as a difficult adjustment. The Conservatives are enjoying a favorable wind in voter opinion and have entered into several questions which the voters appreciate. So it is not only a matter of heckling the Conservatives, because that can cause the favorable wind to blow even harder.

Center Party criticism against the Conservatives will therefore not be just pie throwing, but will deal with special issues where the Center Party considers that there is reason on factual grounds to clarify the effects of the Conservative alternatives.

The Social Democrats' proposal for new forest policy not only strengthened Center Party morale, but also gave Falldin the opportunity to give a whip-crack to the Conservatives.

The proposal for compulsory cutting supported big industry's interest in cheap raw materials from the forest. Falldin stepped in and wondered where Adelsohn stood on this question of freedom and compulsion.

Adelsohn answered like an alterman with an open letter, in which he proclaimed that he was against the government proposal.

This course of action did not cause Falldin to have any great respect for Adelsohn.

The Center Party now expects to take advantage of all opportunities to point out the political differences between the Center Party and the Conservatives.

The conflict about the private roads is a typical example. In its economy mood, the Conservatives agreed with the Social Democrats' recommendation to reduce national grants to these roads, and the Center Party is now trying to use this in its propaganda.

Finally it will above all be in the economic area that the dividing lines between the Center Party and the Conservatives must be stated with clarity so that Falldin can make a comeback as prime minister.

When the government of Falldin and Ullsten in its time promised to save 12 billion the Conservatives protested and raised the figure to 25 billion, at the same time as they generously promised to reduce income taxes.

The Center Party now has its chance, they say at party headquarters. The Conservative tax reductions apply to those earning over 200,000 per year and these tax reductions will in their turn be paid for by low income people through reduced social measures.

Experiences from the government years show very clearly that savings of 25 billion must with absolute necessity apply to the social redistribution, meaning pensioners, families with children, rent support for dwellings, housing allowances and such items.

9287
CSO: 3650/165

SIRMEN ON TOKER'S VIEW OF DEMOCRACY, NATO ROLE, MILITARY AID

Istanbul CUMHURIYET in Turkish 6 Apr 83 p 3

[Article by Ali Sirmen in the column "The World Today": "How Could It Be?"]

[Text] Metin Toker is now among the most experienced senior members of the Turkish press. While Toker was publishing AKIS, the writer of these lines--who has been attentively following his writings and magazine--he himself could not be counted among the young generation at the time.

Other than during my adolescence when I first developed an interest in politics, I have not been able to subscribe in all these years to Metin Toker's views--not even to his style. Inspite of this, I have to say that I agree wholeheartedly with his view on a matter which the honorable Mr. Toker has been carefully stressing this past year or two. Since September 12, Metin Toker has argued, correctly and tirelessly, that the Turkey of the future will afford us the democracy we all yearn for by providing a political environment conducive to much more responsible behavior and tolerance.

There are others, I think, among those disagreeing with some of Metin Toker's views who share this correct observation with him; I am not the only one. It is true that ridding the political environment of unproductive selfish quarrels would be one of the most important factors preventing the frequent detours to nowhere so characteristic of our political life. To begin with, we, all of us, must first digest and absorb democracy, responsibly, tolerantly, in order to assure its unhampered functioning. In this respect, important duties fall upon not only politicians, but on the whole population, including the media. To accuse those who do not approach a subject the way we do, with anti-patriotic behavior, or to look for hidden intentions in thoughts freely expressed, as if looking for a calf from an ox, could again be taking us back to our unproductive ways.

From this perspective, we believe Metin Toker's views as revealed in his column "One Rumor, One Truth" in last Sunday's MILLIYET is in contradiction with his own evocation with which I fully concur.

The honorable Mr. Toker alleges in the above mentioned article that those expressing anxiety over the intentions of the U.S. to assign Turkey new roles in the Middle East exaggerate with a specific purpose in mind. He used the following words:

"...Come and you will see that this normal effort (what is meant is the attempt to stress our country's importance in Congress in order to increase aid to Turkey) is interpreted as a "fresh carrot for the old workhorse" maneuver in certain quarters worried for a long time now that America would use Turkey for purposes outside of NATO and spreading exaggerated and slanted rumors..."

"...It requires quite a bit of naivete not to see that to accuse America of outfitting and modernizing Turkey's army and expanding bases in order to load her with new Middle East responsibilities, amounts to saying "No to NATO" in today's terminology. To think us all this gullible, is not really becoming to the usual foxiness of these people."

It is not possible to clearly understand whom, or which quarters the honorable Mr. Toker is referring to. However, CUMHURIYET, and also we are among those indicating that the U.S. wants Turkey to assume new roles in the Middle East. Moreover, the U.S.'s Jack Anderson, famous among newsmen for obtaining reliable information, is also among those expressing the same developments. Reporting further on the same developments with apprehension are some very competent writers of Metin Toker's own MILLIYET.

Leaving Jack Anderson aside, the Turkish newspapers and writers mentioned are in agreement as to the appropriateness of increased military aid to Turkey as discussed in the U.S. Congress. Indeed, all of the newspapers and writers have expressed previously that the updating of the equipment and materiel of the Turkish Armed Forces is a vital necessity. But at the same time, they were stressing that this development must not open the door to placing responsibilities outside of the NATO framework on Turkey.

In his statement published Monday in MILLIYET, Ihsan Sabri Caglayangil, one of the ex-ministers for foreign affairs, was articulating the same apprehension in the fine diplomatic style he so ably employs. In the statement he made to commemorate April 4, 1949, Mr. Caglayangil said that our relations with NATO have always been good and expressed his view that Turkey and NATO feel a mutual need. Then he added:

"Turkey's commitments are defined by the outline of the North Atlantic Treaty. Turkey cannot assume a position outside of the outline of this treaty. If she should, she will add one additional danger to those she is already exposed to."

Obviously, he felt the need to warn against intentions of some quarters in Washington.

Warnings of this type are invaluable in that they prevent unwarranted interference in Ankara of views centralized outside of Turkey, while at the same time proving that the correct attitude in Ankara has public support.

We suppose that Metin Toker--who after all appears to be also against responsibilities outside of NATO, judging from his article--has overreacted somewhat to these warnings without keeping an eye on the facts.

We can accept Metin Toker's criticism of the warnings as perfectly normal. Only, while doing so, we would like to remind him of one fact: if we truly desire responsibility and tolerance to flower in Turkey's future, it will be necessary not to use style and prose similar to what was used in the mentioned article. Otherwise, one ends up contradicting himself.

POLITICAL

TURKEY

QADHDHAFI ON POSITIVE RELATIONS WITH TURKEY

Istanbul MILLIYET in Turkish 12 Apr 83 p 7

[Text] Bengasi--Colonel Mu'ammar Qadhafi agreed to meet with five Turkish writers in Libya for the "First International Green Book Symposium" and spoke to them about relations between Turkey and Libya. The meeting with the Turkish delegation which included MILLIYET's Mumtaz Soysal took place at night in the desert tent of the Libyan leader outside of Bengasi. Qadhafi likened America's Middle East policy to a 'crusade' which seeks to establish 'total and absolute domination' over the whole region.

Major subjects discussed by the light of the huge fire in front of the tent were:

Turkey's Role

Question: It is known that in the last few years relations between Turkey and Libya have not been as good as before. While Turkey's relations with Egypt and the Sudan expanded speedily, relations with Libya developed along a different course. How do you evaluate this situation?

Answer: The emerging situation is not a good one, and America is the co-factor in creating this situation. We would wish that our brother-nation Turkey would not play a role in games directed towards Arab nations.

Question: What kind of an attitude do you expect from Turkey towards various problems in the Middle East such as the Iran-Iraq war and the Palestinian question.

Answer: It is very difficult for Turkey to play a constructive role under today's conditions. Actually, Turkey could play a constructive role, but, we see that historically, for Turkey to play such a role she must have no ties whatsoever. But, there is not only the heavy load of NATO membership; Turkey is also subjected directly to American pressure. I don't believe that under these conditions Turkey could initiate and play a role.

Question: If you should be asked to summarize in one sentence America's objectives in the Middle East, what would you say?

Answer: America wants to dominate the Middle East. And, in a total and absolute

manner, which is different from her designs up to now. America has a crusader mentality. What Turkey has to do is join the Arab world and anti-imperialist forces. Because historically, Turkey has been and always will be the prime objective of crusaders.

Question: What do you think about the future of Turkish-Libyan relations? Will there be an improvement?

Answer: I am hopeful. It will improve, it will get better. I believe it.

Question: The Turkish nation has not forgotten the understanding displayed by Libya during the 1974 Cyprus operation. Can we be sure that when confronted with a similar situation in the future Libya will display the same understanding?

Answer: Don't place me in a position to answer such a question...

Visit to Turkey

Question: It is known that you will soon visit Turkey. Your visit is being looked forward to with great anticipation. Will your visit occur most likely before the October elections, or after?

Answer: I am also looking forward to such a visit, of course. It will make me very happy to be together with the Turkish brother-nation. However, the visit depends on Turkey's attitude.

Question: Has there been an invitation?

Answer: Yes, there has.

Question: Is there a problem in Turkish-Libyan economic relations? Are you pleased with the performance of Turkish contractors and businessmen?

Answer: There is no problem in economic relations. Turkish contractors and businessmen contribute greatly to our development efforts.

12203

CSO: 3554/254

TKP COORDINATION COMMITTEE CONFERENCE DECISIONS

London ISGININ SESI in Turkish 28 Mar 83 pp 9-16

["Decisions of the Expanded Conference Held by the TKP Coordination Committee with the Participation of European Communist Party Leaders"]

[Text] I. Party Problems

The New Situation Within the Party

Today there is a new situation within the party. To understand this situation better it is necessary to take a brief look at the developments of the last 10 years.

There was no communist party in Turkey from 1950 until 1970. The need for a communist party became more clear after the 1960's in particular. On this basis, a generation grew up which said "a communist party must exist in the country at any cost" and which fought for it. It was this generation that took part in the re-establishment of the Turkish Communist Party [TKP] in 1973.

In the initial period between 1973 and 1978, the party was truly re-established; the party developed considerably during this period. For the first time in Turkey's political life, it became necessary to include the communist party as a factor in political calculations.

With the passage of time it started to become evident that the cadres--upper-level cadres in particular--who participated in the re-establishment of the party in 1973 had come together with very different motives. The development of the TKP over the last 10 years confirms this situation. At that time the idea of forming a communist party at any cost acted like a veil covering the eyes of these cadres. Inexperience was at issue. In re-establishing the party, these cadres never debated the issue of what kind of party they wanted. Differences over this issue and over ideological issues that must form the basis of organizational unity became evident later on. This problem came to the fore in complete starkness after the plenum of 1978. Divisions began to form within the TKP.

Party organizations were left completely on their own. These organizations, which until then were already deprived of centralized control, began to pursue very different paths in organizational matters as well as everyday political tactics through the initiatives of their leadership after they were left on their own.

In 1979, ISCININ SESI came out squarely against this situation. In doing that it also formulated the correct platform for ideological unity and put it before the party. This led a considerable segment of the party to take a stance against the path being pursued which led to the emergence of a new situation within the party.

That day, all comrades--whether they sided with ISCININ SESI or not--began to review all aspects of the party's work that they had not thought about and accepted till that day and began to ask questions to themselves. But the organizational stance taken against ISCININ SESI was such that the cadres asking questions to themselves could not ask their questions openly to the party. As a result of this stance the questions in the minds were kept secret and an insincere attitude was assumed toward the party. A large segment sided with ISCININ SESI, and the remaining party organization, except a small minority, began to think about views advanced by ISCININ SESI. But a disparity emerged between the actions and thoughts of these comrades.

Another very important situation that emerged after the plenum of 1978 was as follows: Until that time it was thought that the political and organizational policy of the party was formulated by two or three individuals who served on the Politburo and who were far removed from Marxism-Leninism. It was learned that that was not the case at all. It began to be understood why these two or three individuals were serving in those positions.

The fragmentation in the Menshevik spectrum of the TKP assumed new heights after 12 September 1980. Parallel with that an external intervention was observed both in the political and organizational realms. This external intervention once again led many comrades to see the situation in all its starkness.

The intervention in the political realm took concrete form in the policy pursued by the official leadership. This was the main reason for not describing the regime [in Turkey] as fascist. This was the main reason behind the degeneration of the party's work to efforts to establish a bourgeois democracy.

In the organizational realm, a full liquidation process was realized both within and without the country. A large TKP group in the country were declared traitors and were expelled from the party. The organic ties of the remaining party members in the country were cut off from the party on grounds that they were all known to the police and that they could not do any illegal work from then on. The idea of a non-centralized party began to be implemented. According to this liquidationist and anti-Leninist view, a party as such would not exist, the political line would be disseminated over the radio and "party members" who listened would implement it as individuals. This is the reasoning behind the slogan "the party is where there is a comrade", which we frequently hear on the radio and read in ATILIM. The sheath that has been fitted over this reasoning is the terror of the bourgeoisie and security.

This liquidation and dissolution produced certain results. The main results can be listed as follows:

Firstly, the duplicity of the cadres under the influence of the official Menshevik leadership grew even further. Although no one endorses the policies implemented with respect to the organization and the outside and even though everyone opposes these policies, everyone is reluctant to express his views and is keeping his thoughts to himself. By appearing as "defending the party" to the outside, everyone is thus supporting this liquidationist and opportunist leadership. A party where duplicity has become so widespread and so institutionalized cannot be a communist party.

A second result that is tied with the first is that a federative structure has emerged. A horde of big and small factions have been formed. Various bargains and deals are being struck behind the scenes before the differences have been clarified at the ideological level. A mosaic-like federative structure like this is not proper for a communist party. The problems that have emerged for whatever reasons must be resolved by first stating views openly and not by bargaining behind the scenes.

One result of this fragmentation is that there have been defections to other movements. An example of this trend was the series of defections from cadres with legalist inclinations to TIP [Turkish Labor Party]. This trend gained momentum particularly after the head of TKP's Menshevik wing in West Germany became the head representative of TIP in West Germany. Some of these cadres openly leave the TKP, while others secretly become members of other organizations while posing as TKP members. Another example of this trend of shifting to other movements is observed among young and politically inexperienced cadres who want to act more militantly. These cadres are moving to organizations that appear to be more militant than TIP.

Another characteristic of the current period is that the Politburo that governed the TKP between 1973 and 1978 has completely withdrawn from the administration of the party. A. Saydan is dead. H. Erdal has declared his dissent and has left. I. Bilen has withdrawn from the limelight. The remaining two members are said to have been expelled. The Partisan group has been brought to the leadership as a fresh team.

After the Partisan group was brought to the leadership by a coup within the party in 1981, a scapegoat was sought to be declared as responsible for the existing situation. The natural candidate to be shown as the culprit in this collapse and fragmentation was, as in the past, I. Bilen, TKP's most recent leader. However, an alternate for I. Bilen was sought from within and without the party, but could not be found. Then, Comrade H. Erdal was chosen as the scapegoat and was held responsible for the situation. But that did not appear to be credible. Thus after Comrade H. Erdal left the Politburo, the new leadership was forced to at least lower the profile of I. Bilen, for whom an alternate could not be found. Now we hear that they are explaining this situation to their cadres as follows: H. Erdal knows too much. He knows how the ISCININ SESI incident developed and he knows the weakness of the leadership of the time. We can no longer defend I. Bilen. So let us retract him now.

Another characteristic of the current period manifests itself in the chain of linkages the Partisan group has established.

An important area of linkage for the Partisan group is constituted by members and administrators of legal organizations that were formerly part of the Union Solidarity movement. These individuals later left the country. Legalism, that runs strong in this faction, and the liquidationism of the Partisan group are in agreement. However, it must not be forgotten that there are those who feel the need to fight among these individuals.

Another important area of linkage for the Partisan group is constituted by former legal publishers. The most concrete example of this is the group that will publish the TURKIYE POSTASI. These individuals state that they are not part of the Partisan group and that they oppose the policies of the Partisan group, but they appear to have chosen to work with them politically.

In conclusion, the TKP which was formed in 1973 is today in a fragmented state. ISGININ SESI foresaw this situation in 1979, cautioned others about it and eventually organized itself as a separate wing as a result of the stance taken against its effort to rectify this situation. Today, ISGININ SESI is in a state of healthy development with its organizational structure as well as its ideological direction and is in a determinant position with respect to rescuing the party from this situation. The fragmentation in the other wing has continued and has accelerated after the plenum of 1981. Today, this wing consists of only the Partisan group that is gathered around radio broadcasting and a few other groups that have established unprincipled links with this group. Outside the headquarters, the Partisan group has only two organizations. They have reached a compromise with the overseas cadres of the Unity Solidarity legal movement. They also cooperate with TURKIYE POSTASI. They have also established alliances using subjective antagonisms of the past, as in the case of the West Berlin opposition. Apart from these, there are many individuals and groups within and without Turkey that remain in the middle.

We have a duty to gather all the communists of Turkey under the roof of a single communist organization. The Congress will be the product and the ultimate achievement of this consolidation process. Thus, the Coordination Committee of our party makes the following appeal to all party members:

Appeal to All TKP Members

Comrades:

Menshevik administrations have fragmented and divided our party, the TKP, which we re-established in 1973 after a long interruption that lasted decades. Today, many factions and groups are in existence, and hundreds of party members are uncertain about what to do.

A group of petit-bourgeois-minded intellectual colleagues from the Eminonu branch of TIP were named to head the Radio supposedly as a TKP administration. There are no ideological or political differences whatsoever between TIP leaders and this group of colleagues which is not in any way qualified to be a TKP administration. The differences between this group and TIP leaders are only superficial and petty. This petit-bourgeois-minded group really consists of partisans of TIP.

There are those who are seeking a compromise with this notoriously opportunist group out of desperation, ideological insufficiency, expediency, inability to find political solutions and sometimes petty interests.

Another trend is that of a shift toward other opportunist movements as an alternative to this group which has been pestering the TKP. For a TKP member this amounts to dismounting from a horse and mounting a donkey.

Today, there is only one option for Turkish communists who are resolved to fight and who are determined to join the revolutionary struggle in its front ranks: Our duty is to elevate the TKP to a Marxist-Leninist organization that is capable of realizing the revolution. The Leninist wing of the TKP, with its pure communist policies, its organizational structure and its strength is the only real and permanent choice in performing this duty successfully.

Only ISGININ SESI can gather all the communists and all the confused members of the TKP under a Leninist party standard.

By going through this process, only ISGININ SESI can realize the congress of our party.

These will be proven in practice. The Leninist wing of the TKP, with the flexible policy it will pursue will help all party members to learn lessons from practical events and to see the truth. Sooner or later, the TKP will realize communist unity under the banner of ISGININ SESI. If all comrades see this fact now, without the need for long and painful experiences, very suitable conditions exist to deal a heavy blow to liquidationist opportunism and to accelerate the development of our party. As communists, we must be conscious of the history we are part of. We must walk ahead of development.

ISGININ SESI developed its organization as a separate wing because of the factionalist and petty mentality of the Menshevik administration. ISGININ SESI is not a factionalist organization. Being a member of ISGININ SESI does not require the various ugly preconditions and results that are a distinct characteristic of the Menshevik wing. Siding with ISGININ SESI means siding with the basic and true interests of world working class, Turkey's working class, the world revolution and the revolution in Turkey which is a part of it, the socialist countries and the TKP, which means supporting communist theory, policy and organization and working selflessly and fighting against difficulties for these ends.

Let us close our ranks in the TKP!

Let us raise the banner of revolution in Turkey!

Organizational Mobilization--An Evaluation

1. Although 3 years have passed since the fascist coup of 12 September 1980, the bourgeoisie has not been able to take a single lasting step toward resolving the country's socioeconomic problems. The economic crisis continues to deteriorate. Anger is rising among the masses, whose living conditions have worsened to an unprecedented extent and whose democratic rights have been entirely eliminated, and signs of this anger are becoming increasingly manifest.

Against this background, the agitation in the political field that began with the drafting of the constitution and that continues to intensify has brought the country to a stage where, despite increased perils, opportunities for political work are expanding. The organizational mobilization was launched in order to prepare our party for the challenges posed by this new period.

The organizational mobilization was at the same time part of performing our duties in this period of reactionism to learn lessons from past experiences and to strengthen and prepare the party for the next stage. The mobilization was realized with the intensified and collective efforts of all units of the organization.

2. The Coordination Committee Plenum of 17 September determined the fundamental precepts of organizational mobilization as i) intensification of mass work; ii) modernization of forms of organization and administration; and iii) heightening of ideological consciousness. It was envisioned that organizational mobilization would consolidate the discipline and the centralization of our party and that it would strengthen the confidence of the comrades in the party and the ties of the party with the masses.

3. Party organizations and members received the organizational mobilization effort with exceptional perceptiveness. They perceived correctly the essence of the mobilization. All organizational units immediately started work to attain the concrete goals set by the plenum decisions. An enthusiastic and intense work effort began in our party under the slogan, "organizational mobilization for revolution and socialism."

4. The mobilization in party units began with a preparatory stage:

In a sense, each organization first set to work to put its own house in order. The preparatory work included the assessment of generally malfunctioning aspects of the organization, the determination of concrete tasks and the assignment of these tasks to various party forces. At the conclusion of this stage work plans and appropriate new divisions of labor began to emerge.

The preparatory stage was followed by a period where institutionalization was heightened in the work of the party units:

The concrete tasks and responsibilities of the units and members began to be clarified. The indispensable operations that make the party an organization began to be perceived more consciously. Efforts to continue these operations in an orderly manner intensified. The malfunctions observed in meetings and educational sessions subsided. Indoctrination and information dissemination increased. Organization at the publishing level started to become an orderly operation. Supervision of all party organizations, from top to bottom, increased.

The Coordination Committee evaluated these developments at its preceding plenum meeting and set the goal of intensifying mass work while preserving the successes that were achieved in institutionalization. Our organizations, which had improved their habit of working in a planned and orderly manner, responded to the setting of this new goal, too, without much delay.

Our organizations are gaining distinctive mastery of utilizing the dispersed state of the central organ as a means of establishing live political links with their surroundings. The dissemination of our publications is rising in the streets as well as in factories and workers' homes

The struggle of our organizations and members for the economic and democratic rights of the masses and their efforts to participate in every facet of the masses' life as leaders and organizers are making progress. The socialist mass organizations which operate with a correct understanding are gaining strength.

The intensification of mass work is reflected in the increase in the number of newly established or revived socialist mass organizations, democratic mass organizations and IMGs [expansion unknown].

5. The organizations and members have, individually and as a whole, achieved gains in organizational mobilization that cannot be overlooked.

The organizational mobilization effort has been a good experience for all party units in the division of political tasks among party forces in accordance with the needs of the day.

The organizations and members have taken significant steps toward performing political and organizational tasks that have emerged, capturing the essence of the tasks, consolidating the forces in that direction through a planned effort, creating opportunities appropriate to the performance of the tasks through flexible work that does not remain confined to rigid molds and persistently seeking to attain the goals set at every stage.

The organizational mobilization effort has been a test for the party to shift into higher gear to heighten its pace of work and to conduct work that can produce results in an increasingly agitated political environment.

The organizational mobilization effort has also contributed to purging our organizations and members from liberal inclinations and consolidating discipline and centralization in the party. The effort to perform their mobilization tasks has helped our members to learn to combine disciplined and self-initiated work with their communist and party identity.

In the course of the organizational mobilization effort there has been an increase in briefing the party center, in conveying information to the party center and in writing to the central organ. This is an indication that the feeling of responsibility of our members toward their party duties and party goals is developing.

The organizational mobilization effort has also contributed to the development of the party's ability to act like a single fist in all areas of work.

In the course of the organizational mobilization, the organizations have conducted more effective and more professional work.

The authority and responsibility of woman comrades have been increased in accordance with the goals of the mobilization.

6. The distance covered by our organizations in the path of organizational mobilization is not small compared to their starting point. However, from a perspective of tasks that must still be performed, the level that has been achieved so far is only a good beginning. The gains that have been achieved can have a lasting meaning only if party organizations use the present stage as a foundation and continue building stone by stone with inexhaustible energy.

In the coming period, all party organizations must attach great importance to developing and making permanent the gains achieved by the organizational mobilization effort.

The results that were achieved through the work of individual units in the course of the mobilization effort constituted gains for the whole party by going over the central organ. The accumulated collective experience increased. The press and publications organization displayed a successful effort in the realization of this success. In the coming period, party organizations and members and IMGs must work with the knowledge of the significant function of active and intensive communications with the central organ in making the gains permanent.

Our ties with the masses must also be developed in a manner that will insure that the working class will rise as a single fist around our party at the time of action. To that end, our organizations must continue with persistence to develop and strengthen our ties to the masses which began to develop with the organizational mobilization effort.

/Organizational Mobilization/ is over, but our organizational mobilization continues.

About TKP's 5th Congress

Half a century has elapsed since the last congress of the TKP. This long period that has elapsed without any congresses shows the extent of the liquidation that has taken place. Singular moves that can be found in the party's history never reached a genuine congress platform. No administration that based its legitimacy on the founding congress could take the party to a second congress.

In this sense, the revival of 1973 was not even based on a founding congress. Communists, with their comradely confidence and good will to build the party, supported the new administration. The leap of 1973, despite its defects and contradictions from the outset, made the the TKP a force to be reckoned with across the country. This is one of the reasons why the revolutionary movement initiated by the Leninists against opportunism and liquidation has continued to develop and grow strong unlike previous similar moves. Today, the Leninist wing of the TKP, the true and powerful representative of the party, is the only existing choice to take the party to a congress and to turn it into a communist party worthy of its name.

The Leninist wing of the TKP has been struggling since 1979 to convene the 5th Congress of the TKP. Conference I of 1980 set the goal of congress for the whole party by its call for a congress. Conference II assigned the task of convening the 5th Congress of the TKP to the Coordination Committee.

In the period following Conference II, our party began its preparations for the congress. All party organizations endorsed the decisions of the conference about the congress. All district committees convened their own congresses and elected their delegates.

During the same period, the "official" wing of the TKP was forced into an impasse by the clique in the administration. Party organizations were dissolved. Many groups emerged opposing liquidation. The Leninist wing of the TKP grew strong with the joining in of new comrades from this segment.

The fact that the process of collapse and dispersion of the "official" wing of the TKP has gained certainty, the fact that the Leninist wing has consolidated its position as a lodestone and a center of strength and the fact that both these trends continue today on accelerated basis are affecting the meaning, the preparations and the timing of the congress to be convened. The goal of a genuine congress is the foundation stone of the struggle against opportunism in the party. Everyone must raise his voice from everywhere demanding a genuine congress.

For a genuine congress, the conditions we list below must be met without exception. The central clique, which has long lost its legitimacy and the trust of the majority of the party, has neither the intention nor the right nor the authority to convene a congress which will meet these conditions. It is very unlikely that they will consent to a genuine congress. Even so, we are not discounting any possibilities or options beforehand in connection with a genuine congress of reckoning.

1. The congress must be one where a revolutionary program in line with Turkey's socioeconomic structure is endorsed. To that end, a draft of the program must be debated broadly within and without the party.
2. During the process of preparation for the congress those aspects of TKP's history which have been kept in the dark and which have been hidden from communists and from the working class must be brought out into open daylight and told in a manner that is free of subjective and personal interpretations and such that historical facts are not distorted for special interests.
3. One aspect of the preparatory work for the congress is the gathering and organization of comrades and organizations that have been dissolved or that have broken their ties with the party. Furthermore, the following conditions must be met in order to make the congress truly representative:

--Delegates must be present by election and not by invitation.

--All currents, groups and organizations within the party must be represented in the congress in proportion to their respective strengths.

--All the organizations of the Leninist wing of the TKP, within or without the country, must be represented at the congress in proportion to their numbers.

--It must be insured that comrades Veli Dursun, Hasan Erdal and Vural Demir attend the congress as Central Committee members and that former TKP Central Committee members who have not joined the ranks of the bourgeoisie and who have not lost themselves in their private lives attend the congress as natural members.

Members of the Turkish Communist Party! Only a TKP that has been freed of opportunism and that has endorsed the Leninist line can realize the revolution in our country. To that end, let us do our duties for the 5th Congress!

Extraparty communists who are not with us as a result of the stance of the opportunist leadership clique! Join the party! Participate in the struggle against opportunism and the work for the 5th Congress!

Kurdish communists who are not with us as a result of the social-chauvinist attitude of the previous opportunist leadership of the TKP! Join hands with the Leninists in the Turkish Communist Party!

The bourgeoisie cannot be destroyed without eliminating opportunism!

Let the TKP build the future!

About the Development of the Party Organization

The /Organizational Mobilization/ declared by the TKP Coordination Committee is over. This 5-month experience has shown that the party has progressed as a whole with respect to institutionalization and developing the party's ties with the masses and that our standards on the organizational functioning of a communist party have risen. It is now necessary to consolidate the gains of the organizational mobilization effort, to advance further from the point we have reached in order to create a more modern party and to establish the level achieved during the mobilization as the normal level of work in the party.

In this period when our party launched and implemented an organizational mobilization for revolution and socialism in Turkey, there were also significant developments in the other wing of the TKP. The blatant liquidation that the Partisan clique has dragged the party into again caused a sharp reaction from party segments who have faith in the revolution. A large number of opposition groups were born. The cadres that played a decisive role in the revival of 1973 are today, after an absence of four years, waging the struggle of elevating the revolutionary communist party of the Turkish working class together with the Leninist wing of the TKP.

The union of the ideological, political and organizational build-up of TKP-ISCININ SESI and the intraparty opposition forces who oppose liquidation is an important phenomenon that will have a profound effect on the communist movement in Turkey. Forces opposed to liquidation present for the first time in the history of the TKP a revolutionary organizational option of this much strength. It is the duty of all communists who have faith in the revolution to stand by, support and join hands with this group.

All these developments show that we must understand well the goals and tasks set for our party organization and that we must review all organizational processes that are necessary to realize these goals.

1. We must subject our party's organizational structure and internal operations to a complete review and we must formulate a detailed and working plan to constitute the mechanisms and the divisions of labor appropriate to the tasks before us.

2. The key link in the operation of our party is the development of our organization. The main tasks at hand involves the strengthening of the existing illegal party organization, the establishment of new organizations/ in the industrial regions and proletarian beds of Turkey and the development of the abilities and the means of these organizations to fight against the political police. The /new forces/ within the working class and the people who are determined to fight is the first segment we must focus our attention on when we are organizing.

3. After the TKP arrests in Turkey, the Partisan clique did not establish contact with many comrades who remained free. While some of the comrades who became untied have withdrawn from politics, a significant portion of them have started forming new organizations and to revive the party. The recovery and reorganization effort undertaken by these comrades, who are representatives of the combative current of the TKP which has remained under the influence of the "official" administration of the party, represent a serious potential. The formless structure of these efforts which are vulnerable to the blows of the political police is the weakest point of these organizations. One of our most important and urgent duties is to reach these comrades, to win them over and to give form to the structures they have built under the illegal central roof of the communist party. Hundreds of party members who are in prison are also organizing among themselves. Our provincial organizations must make it their duty to insure that publications reach these comrades in prison and to organize solidarity with them.

4. Factors such as the negative effects of the reactionary period, the confusion and disorganization of the TKP organizations and the fact that we have so far been unable to restore the unity of these dispersed forces have created a new "opportunity" for senior opportunists who emerge in such periods. In Europe, in particular, the TIP opportunists are making "extraordinary" efforts to prevent the cadres who have turned against the "official" TKP clique from joining the Leninist wing of the TKP and to win them over to their groups which are integrated with the Partisan clique. In order to foil these efforts, we must reach everywhere and every comrade in a most energetic manner and we must establish face-to-face contact without delay. TKP's Leninist organizations must make this issue an agenda item /everywhere/ they are. The tasks to be performed must be /organized/ immediately. The implementation of these plans must be directly supervised by the most authorized administrator of each organization.

5. The large Turkish mass overseas is an area where we must develop our organization. By expanding the party organizations in regions of Europe where party organizations exist and by crossing over to new regions we must form new party organizations.

II. The 'New' Trend That Has Emerged in the Revolutionary Movement: the 'New Party'

Any movement which does not rest on true scientific principles and which does not understand in depth the theoretical meaning of what it is doing is bound to revert to denials after every failure and to say that what it has done and said till that time was wrong. The extent of the denials is proportional to the severity of the failure. This is a law of class struggle.

For the Turkish revolutionary movement, 12 September 1980 was a major defeat. Consequently, now there is a spreading trend to deny what was done and to say

that everything that was done, known and learned was wrong. All the "questions raised" come from apparently different directions. Among those raising questions there are those who say, "I will do whatever seems reasonable to me, not what the administrative organ or the majority of the organization says"; there are those who elect the administrator and who want to "share and debate" in all the decision making processes; and there are those who go directly to the root of the problem and ask: "What type of party?"

Most recently, a revolutionary press organ and one of its writers in particular started to raise the issue of "turning the Turkish Marxist left into a party" with increasing frequency and proposed a party which would provide an /alternative to the classic communist party organization that has failed in every respect./

If the said press organ was not published under the direction of a combative current which has a very important place in Turkey's revolutionary movement and if the articles of the said writer were not read by the revolutionary public as the views of the said current, these views would be considered in the general trend of denialism and would not need to be taken up separately. However, that is not the case.

The party proposal set forth by this combative revolutionary circle will bring about certain positive developments from an objective standpoint. Any debate that will be conducted within the framework of this proposed goal will inevitably lead to a better understanding of Marxism in the revolutionary public mind. The debate about "what party model?" will help the establishment of a genuine differentiation and distinction on a fundamental issue--which will be different from the existing artificial divisions--among circles that call themselves Marxists. Such a debate will also help to inform the public better and to make them think more about the deficiencies, the mistakes and the imperatively defensible aspects of the world socialist system and the world communist movement. And, no matter what happens, such a debate will help to raise the effectiveness in the public mind of the teachings of the Marxist-Leninist party.

In the way it has been proposed this "/new party/ model" will perhaps advance the theoretical level of the revolutionary movement. (For example: "The issue of forming a party of the working class is an issue of alliances." "It is impossible to win this struggle with small magazines." "We oppose organization models of the 'behind closed doors' type which are top-heavy and which do not have a democratic internal structure." "It is necessary to have a party which will embody the entire socialist potential.") However, this search points to an extremely harmful deviation which may lead the /practical revolutionary struggle/ into an impasse for some time, unless its falsehood is proven by an intense ideological struggle.

It is seen that the "new party model" trend takes its roots from two sources.

One source is the construing of ideological views. The said combative current is under the deep and negative influence of the defects, mistakes and sometimes improper implementations of the world socialist systems; the stance of the world communist movement which sacrifices ideology for political expectations; and the fact that today no communist party is ready to realize a revolution in capitalist countries.

The fact that perhaps no member of the said movement has any links with communist parties and socialist countries beyond appearances in the bourgeois press makes it difficult to stop our justified and deserved criticism at a reasonable limit. That is why everything that has been done by the socialist countries and the so-called "classic" communist parties is considered failures proven by history.

"The constitution of the communist party must be viewed with an understanding that embodies not only today but also tomorrow. The characteristics of the current time, the environment in which the communist party is working and the class struggle must be reflected in the constitution; on the other hand, the constitution must also include provisions that will meet the long-term needs of communist organization." (New party constitution endorsed at the TKP Leninists Conference II in March 1981) However, if the truth that the party must embody the future in itself is separated from the other indispensable principles, and if it is said that the "issue of 'what type of party' is linked to the issue of 'what type of socialism do we want'", then this would be a fundamental mistake that equates society with the party. The answer to the question "what type of party" is given by the answers to the questions "in what type of society, under what conditions, for what goals and with what means of struggle." Under conditions of stability for socialism, insistence on continuing to preserve all the characteristics of the party before the revolution is a mistake that causes stagnation. Similarly, seeking "models" that dismiss the need for forming parties in a manner that will fit the conditions in which the parties are working in essence is a mistake that may jeopardize the revolution.

As an inevitable result of this ideological construction, the views of the Italian Communist Party, the "new left" and the radical left of Latin America have begun to define eclectically the "new" successful organization. (In reality, it is not new. It is an idea that has been tried many times since the time of Marx and has led to the same result.)

The second source of the "new party model" is /practical needs/. This revolutionary movement is being dragged into the debate about "what type of party" under the strong influence of the concrete situation it is in today.

As is known, the said movement is one of the numerically largest movements in the Turkish revolutionary movement. So far it has not emerged as a combative organization. It is a movement which is gathered around a small and disciplined group, which does not have an orderly membership fee collection system--everyone pays as much as he wants--and in which various different views live together in a loose structure. In the past, this characteristic was one of the main reasons the movement attracted such a broad base of followers.

Today, this movement is seriously considering the goal of "becoming a party." However, in approaching this issue the most basic consideration must be /to find/ "a party model which will not disperse this crowd."

For this starting point, which embodies the misperception of equating the power in society with the number of members, the answer to the question "what type of party" was really given from the beginning. The goal is to find a "model" which will allow turning this crowded "movement" into a crowded "party." Consequently, this party must be one which is /very democratic/ and which allows the presence of factions and groups. This party should also not have "membership formalities", and everyone who says "I am a member" should be a member.

Thus, they attack discipline and centralism, which are the granite foundations of a communist party particularly in environments where it does not have political rights, as "feudalism", "top-heaviness" and "lack of initiative."

If those who are advancing these views believe what they are saying and if they will act consistently with their beliefs, then the logical conclusion should be that instead of turning a struggling segment of society into an organized force disorganization should be perpetuated. However, in an environment where political rights do not exist and where the struggle must be waged with illegal means, no organization can do anything without an iron discipline and a mentality of centralism. Thus, what will happen is that either this combative force will be fragmented and destroyed before any form of serious organization materializes, or a separate centralized and disciplined nucleus that is in one way or another hidden from the rank and file will be formed to meet the needs of the struggle (though the former possibility is the most likely outcome). This would constitute a rare example of sacrificing ideology for everyday interests and it would mean that the party would cheat (maybe unknowingly) its own rank and file.

So far the said writer has not expressed any opinions against Lenin's views; he writes that Lenin should be rescued from the hands of crude economic falsifiers. It is very correct and appropriate for the day to oppose moves designed to take the revolutionary essence out of Leninism and to sacrifice it for crude economics. However, that is not what is being done. What is being done is striking against the teachings of Lenin without touching Lenin himself. Consequently, the stance currently taken cannot last very long. The debate is only just beginning. As the debate unfolds, it will be necessary either to side with Lenin's teachings or to oppose Lenin himself. However, the view that "the doctrine known as Leninism is the application of Marxist theory to a country (the Czarist Russia of the time)" shows that it is the latter possibility that is being approached.

This combative current, with which we participate in the United Front for Resistance Against Fascism, must see that its views, which reject the iron discipline and centralized structure of the communist party in favor of a "democratic party model" which cannot go beyond being a deception in Turkey's political environment, are /in a sense/ congruous with those of the Partisan clique which took over the leadership of the TKP by a Byzantine coup.

For very different reasons, the Partisan clique has recently been advancing the thesis that the party can "have a nonexistent centralism in difficult times", and has thus been flagrantly disregarding Leninist party theory which proposes that the most centralist and disciplined attitudes be adopted in difficult times in particular.

If this similarity does not shake the said combative movement to its senses, then perhaps a more striking example will help. The fascist junta, the fatal enemy of our people, knows very well that any party with a certain amount of internal discipline and with authority resting in its administrative organs--let alone the iron discipline and the voluntarily centralized structure of the communist party--constitutes a threat in Turkey's present conditions. The political parties law drafted by the junta provides for the formation of intraparty factions, eliminates the concept of party discipline and embodies a nonexistent centralism which "prevents parties from becoming tools at the hands of a handful of administrators."

As is seen, a /new trend/ is besieging the revolutionary movement by shedding alligator tears for the "party base" and by throwing off screams of "democracy" against high discipline and centralism. This means taking away the only weapon the fighter has: his organization. The entire revolutionary movement of Turkey, but mainly the combative movement which is supposed to be the author of these "new views" in the eyes of the revolutionary public, must take a stance against this denialism and fraudulence.

Those who want to fight need organizations /with an iron discipline and a centralized structure which will shape its "democraticness" according to the time and place it is in and according to the tasks it has to perform./ This is a law proven by the history of class struggle.

We want to realize a revolution in Turkey and to establish a new order. Revolution is the most authoritarian action in the world.

Opposing us is a most centrally organized enemy, with its army, police, courts, prisons and secret services. This enemy can only be resisted by a centralized force. This enemy can only be crushed by a centralized organization with an iron discipline.

Given the conditions we have just briefly described, the TKP will defend the Marxist-Leninist party theory against every attack and will raise the banner of communism even higher.

III. The New Situation in the Society and Our Duties

When the organizational mobilization began, our party said that we are entering a period when there will be more opportunities and dangers. That is exactly what has happened. Opportunities and dangers rapidly increased and are increasing. The rising dangers cannot be stopped by supporting the smaller of all evils against evil, in the name of making use of contradictions, as the Mensheviks have done. Our task is to evaluate the rising opportunities correctly and, by manipulating these opportunities correctly, to stop the rising dangers permanently and by revolution.

There is a new situation in Turkey's sociopolitical life. The pressure of longstanding discontents to turn into an open class struggle poses difficult problems for fascism. Lately, there have been small but very significant clues to the effect that this situation has reached a bursting point. These clues may be indications of a slowly agitating revolutionary movement.

There are more than enough reasons to raise the amount of discontent in the society to a level which can lead to agitation. Inflation and unemployment are rising rapidly and are assuming intolerable proportions. Inflation is not declining, as they so often boast, but is rising. While there is a massive housing problem, embodying every ill from unsafe buildings to intolerably high rents to the absence of reasonable housing units, the fascist junta is preparing to demolish the slums on the heads of the workers.

After the fascist constitution, the political parties law, which envisions to keep political life under the tight control of the fascist dictatorship,

became an agenda item. While "debates" over this law continue, it is desired to pass the new law on labor quickly in the assembly. The unions bill, which our working class prevented from becoming law by bloody struggles and rebellions, is now again on the agenda. Even liberal faculty members are being removed from institutions of learning. Since the time when prisons were placed under the jurisdiction of the Ministry of the Interior, pressures have increased and new rules have been imposed such as the requirement for a single style dress.

The fascist administration itself sees the force of the rising discontent in the society against all these acts. Even so, it is not hesitant to increase its oppression and terror. However, from a standpoint of the essence and the functioning of fascism, the fascist administration is in a dilemma. It is backstepping in its economic policy and is falling into visible inconsistencies. Under these conditions, the rabid assault the administration is driving through executions, torture and various laws is only serving to hone the rising anger even sharper; the various maneuvers it has attempted by various laws, on the other hand, have not gone beyond making holes in this anger.

Undoubtedly, it is possible that fascism may change this situation by restituting itself in every area. Fascism may try to change the situation by denying the right of existence to even the elements of the fascist maneuver known as "democracy schedule." This danger is rising, but it can also be concluded from the general situation that the possibility that discontent may burst into action is also rising. And concrete clues have emerged to this effect.

A strike was held at the Faculty of Political Sciences [SBF] in response to the fascist junta's policy of removing even liberal members of faculty from their jobs. This strike is a small development in itself, but carries great significance from various standpoints.

Firstly, under Turkey's present conditions, this strike has overtones of rebellion. Secondly, the SBF has traditionally led the intellectual and student movements in Turkey. Thus the strike at the SBF may be an indication that the student movement is about to be revived. Thirdly, and most importantly, if the student movement is revived, it may be an indication of a revolutionary swell. Past revolutionary experience shows that student movements have generally been the first indication of agitation in societies. In Marx's words, even the most absurd student movement in terms of its goals and means can have great significance as an "indication" of the coming revolutionary agitation. From this standpoint, the strike at the SBF can be a turning point which carries great significance.

There are also other indications in this direction. The slum inhabitants of large cities like Istanbul and Izmir are in a state of concrete intensive preparation to defend their roofs against demolition. In the face of this, the fascist junta appears to be retreating with announcements such as, "in Istanbul only 50 slum units will be demolished." But if it does not retreat it is very likely that it will have to face the active resistance of a well-prepared slum people.

Furthermore, revolutionary inmates have started an extensive resistance action against newly imposed rules such as the one about single style clothing. The prisons and the courts have been turned into forums of resistance. The families and the people of the areas involved are supporting the resistance of the inmate revolutionaries.

The working class, the revolutionary leader of the Turkish society, has been in a state of silent anger for a long time. In the last few months, the small local economic actions have been increasing. The inclination of the fearsome silence of the working class to turn into even more fearsome action starts from these acts. The reaction shown by the bourgeois administration of Turk-Is [Turkish Confederation of Labor] against the new unions bill shows how truly "dangerous" this inclination is. By saying that problems implementations such as bans on strikes and postponement of strikes "may lead to must be evaluated with extreme care", the Turk-Is administration has warned the fascist administration about the extent of the "danger" posed by the working class. The Turk-Is administration means: "If the working class moves into action, neither we nor you can stop it."

Prepare for May Day

It is under these conditions that we are approaching May Day. All party organizations are obliged to prepare very carefully for May Day.

Party organizations and their sympathizers overseas, with the experience they have gained from the organizational mobilization effort, will work intensely to make the May Day action effective and auspicious. The party organizations in Turkey, meanwhile, being aware of the changing situation in the country, will wage an intense propaganda which will list the severe crimes of fascism and which will show that the bourgeois opposition only serves to patch up the regime. They will explain how even the smallest democratic and economic rights won through bloody struggles by the working class have been eliminated; the necessity of waging a mass revolutionary struggle for every economic and democratic right today; and the need to realize a revolution to make these gains permanent.

On the occasion of May Day, the international day of struggle and solidarity of the world's working class, the party organizations in Turkey will express the importance of the revolution we will realize in Turkey for the world revolution.

On May Day, revolutionary traditions and the revolutionary future are with us!

Down with fascism!

Long live the world's working class!

Long live the world revolution!

Develop the Conspiracy; Use Every Legal Means

In the current period, oppression and terror against revolutionary and communist movements and organizations have not decreased. The assaults have increased and they continue in more insidious forms.

It has become customary to see news in the press to the effect that so many "anarchists", "revolutionaries" or "communists" "trying to reorganize" "have been captured." Meanwhile, trials in connection with previous arrests are continuing and many individuals of every political shade are being set free.

The parallel development of these two processes shows how important it is for us to raise our communist awareness in the coming period. The fact that the assaults

have taken more insidious forms and the fact that terror has subsided on the surface must not lead to a relaxation of the conspiracy.

What is necessary today is not a relaxation of the conspiracy, but, on the contrary, its development. Tight conspiracy, an indispensable necessity for the communist party in all situations, carries an even greater significance today. Here, it is vitally important to be extremely careful in establishing contact with comrades who are released from prison.

Meanwhile, despite the difficult conditions we are operating in, our organization is developing. New comrades are joining us; we are expanding into new regions. Although this development is extremely pleasing, we cannot disregard the dangers that will come with it. Party organizations must not take a single step before scrutinizing everything and everyone scrupulously and before planning the conspiracy down to its very last detail. Organization and organizational mobilization must be pursued most actively, but without relaxing the necessary precautions. The most important slogan of the day must be: "Let us develop the conspiracy."

The current period is also a time when the rising anger against the junta in various segments of the society has begun to surface in certain places. It is clear that the enactment of the political parties law will heighten the political agitation in the country. It is also obvious that no matter what the character of the parties to be formed under this law will be, legal political work will intensify in this area. In that environment, "making use of legal means", which is already of great importance today, will carry an even bigger significance.

The need to make use of every available legal means to establish links with the masses is a fact that Lenin has taught us. This fact will be increasingly valid in the coming period when political agitation will increase in the country together with intensified controls and oppression by fascist laws.

Raising the slogan, "let us make use of every legal means, without hurting the illegal structure of our party and without relaxing the conspiracy" will insure that our party is tied to the masses and that it will increase its effectiveness.

In the coming period, the party organizations must pursue their work under the slogan: "Let us develop the conspiracy; let us make use of every legal means."

9588

CSO: 3554/244

FORCES TRAIN FOR NEW EMPHASIS ON LAPLAND DEFENSE

Helsinki UUSI SUOMI in Finnish 18 Jan 83

[Article by Markku Laitinen: "Lapland Defense Training Weak"]

[Text] The most significant changes in recent years in the strategic situation of the Nordic area have been caused by new weapons systems.

The increase in the strategic weight of Northern Europe is reflected in Finland in Lapland where the air space and the relatively developed road network could become a path of attack to the territory of the opposing side during a conflict between military alliances.

The obligation to protect the inviolability of air space belonging to Finland as a neutral country is becoming more difficult.

"The major problem is the surveillance of low-flying destroyer aircraft and cruise missiles," states Major General Aimo Pajunen, department chief in the Defense Ministry.

The low-altitude surveillance radar network is being renewed to resolve this problem.

"The defense forces are being given the authority to place orders in the state budget for the purpose of accomplishing the third phase of the renewal of the radar network," states Major General Pajunen.

The fundamental characteristic of Finland's military policy position is our country's location between the military alliances of the Warsaw Pact and NATO on the one hand and the fact that it is the neighboring country of the other leading superpower, the Soviet Union, on the other hand.

Together with Sweden Finland forms a neutral island surrounded by the two large military alliances stretching from the Baltic Sea to the vicinity of the Arctic Ocean.

Changed Situation

This geographic fact causes problems particularly for our country's air defense since it is possible that in the event of an outbreak of war between foreign states our air space could be used to attack the opposing side.

Military policy events in the Baltic area have traditionally affected Finland's fate. As a result of the division of Germany, the border area of the two opposing military alliances has, however, moved to the southern part of the Baltic Sea, in the vicinity of the Danish straits, where presently the most powerful peacetime readiness troops of the superpowers are concentrated. Thus Finland has remained at a distance from the area of emphasis in question in the event of a war.

Development in the area of the Arctic cap has been different. The transfer of counterstrike capacity to submarine missiles has increased the significance of the northern sea areas of Fennoscandia for the superpowers.

The nuclear submarines and aircraft of both military alliances are patrolling in these waters, and this is also the site of Murmansk, the Soviet Union's most important naval base. The borders of NATO and the Warsaw Pact come together in the vicinity of Finnish Lapland.

Finland has been forced to increase its military vigilance in the northern portions of the country. New garrisons have been established in Sodankyla, Rovaniemi, and Kajaani.

Training in Arctic Conditions

The position of Finland's Lapland in a possible war situation between East and West is very sensitive. On the other hand, it must be said that Arctic conditions are not conducive to extensive land operations in the area of the Arctic cap.

The problem of national defense is insufficient military training in the northernmost part of Finland.

"We should be able to organize more repetitive training in Arctic conditions," states Major General Erkki Laatikainen, commander of the Northern Finland Military District.

According to Laatikainen, the training of recruits in this northernmost military district is not sufficient for the acquirement of permanent skills.

"A firing range in Rovajarvi does not mean anything with respect to familiarity with northern conditions. Rovajarvi is actually a part of Central Finland."

Military exercises should be arranged north of the Kittila--Saariselka sector according to the commander of the Northern Finland Military District.

"We must improve the readiness of defense in uninhabited areas. Conditions in the northernmost part of Finland are geographically as well as militarily so difficult that there must be training for operations under such conditions.

"The armies of even other countries are doing this on their own territories, so, indeed, we must arrange exercises in the summer as well as winter under the Arctic conditions of Lapland."

The organization of repetitive training in the northernmost part of Finland has not been sufficiently extensive for economic reasons. The transporting of personnel from the southern sections of the military district to the north costs money.

The Third Parliamentary Defense Committee recommended the military training of 3,000 men in Northern Lapland this year. Funds for the training of 1,500 men were allocated in the state budget.

Significance of YYA [Friendship, Cooperation, and Mutual Aid] Pact

Lapland's air space is guarded by the Lapland Flight Detachment with Drake fighter aircraft. The renewal of the radar system will make it possible to observe any violation of air space and thus protect neutrality.

According to the Third Parliamentary Defense Committee, Finland's security is also significantly reinforced by the YYA Pact. The pact of itself prevents in advance any military attempts directed at Finnish territory according to the committee.

As an independent state Finland has a responsibility for the defense of its territory, but a possible aggressor will in addition to Finland's own defense forces have to take into consideration those Soviet power reserves which can be called upon to reinforce our defense by mutual consent in a manner stipulated by the YYA Pact.

According to Colonel Vihtori Makela, Finland's small combat equipment strength will be one of the greatest deficiencies in the event of war. Since new equipment will not be available, the equipment will be quickly depleted.

If there is a desire to improve the situation, combat equipment must be acquired in the greatest permissible amounts during peacetime, which will still not be sufficient when one thinks about a defensive struggle, states Colonel Makela.

10576
CSO: 8117/1134

AIR FORCE MODERNIZING ITS AIRCRAFT STOCK

Helsinki UUSI SUOMI in Finnish 24 Mar 83 p 3

[Article: "New Aircraft for Air Force"]

[Text] The Air Force is renewing its transport equipment. The first of four Piper Chieftain aircraft was turned over to the Air Force on Wednesday at Helsinki-Vantaa Airport. The total cost of the procurement including modifications and spare parts will be approximately 14 million markkaa. The procurement of these new transport planes is partly connected with the replacement of the obsolete DC-3's, which are being put out of service.

A year ago the Council of State authorized the Ministry of Defense to order four Piper Chieftain 2-engine aircraft from Kar-Air Inc. In addition to communications flights, they will also be used for surface surveillance and mapping. The Air Force will receive all four aircraft by summer.

The Piper Chieftain is a piston-engine aircraft, which has a distance of 800 kilometers with a full passenger load. The aircraft can carry either eight people or 800--900 kilos of freight. Its speed is approximately 350 kilometers per hour.

Hawks and Vinkas Only for Training

Major Lars-Olof Fredrikson of the Air Force General Staff states that until now Saab Safires and Fouga Magisters normally used for training have also been used for communications flights and the transporting of spare parts. However, these aircraft have been replaced by new equipment: Vinkas and Hawks.

"Now that the Hawks are in use, this equipment is not being for any other purpose than training. The aircraft is expensive; it contains special equipment and has no room for transport. The same applies to the Vinka, which is fully equipped with navigation gear on the same principle as a fighter aircraft," states Fredrikson.

The procurement of Pipers is connected with the replacement of DC-3 aircraft in their entirety. There have been seven of these aircraft in the service of the Air Force and because of their size and low cost, they were suitable for the transporting of small groups, he points out.

When the DC-3's are retired from the Air Force, it will have at its disposal for transport purposes three Fokkers, which because of their larger size, are not suitable for small loads of cargo and for transporting groups of less than 10 people.

The General Staff of the Air Force is located in Central Finland, and recently there has been a considerable need for communications flights, the transporting of supplies and various consulting groups, among other things.

Of the seven DC-3 transport aircraft, four are still in flying condition. One of the aircraft has been put in a museum and two have been taken out of service for sale. It is intended to take the remaining aircraft out of service by the year 1985.

10576
CSO: 3617/101

CADARACHE NUCLEAR PLANT TESTS SNLE PROPULSION SYSTEMS

Paris COLS BLEUS in French 26 Mar 83 p 19

[Article by Rene Guillemin: "The ACORAM in Cadarache"]

[Excerpts] The Nuclear Studies Center at Cadarache, situated where the Durance and Verdon Rivers meet occupies an area of 1,600 hectares and employs 4,000 engineers, technicians, and workers. The Center is protected by an impressive network of barbed wire and an individual can get inside only after showing his credentials.

For 46 French Navy reserve officers belonging to the ACORAM [Central Association of Navy Reserve Officers] of Var Department, the doors were opened. Finally, Cadarache has played and still continues to play an important role in the study and building of the nuclear boilers for our atomic submarines.

Military Role

The Nuclear Studies Center of Cadarache has played a leading role in the organization of our deterrence force. It was entrusted with building the first nuclear boiler intended to drive a missile-launching nuclear submarine. A segment of a submarine was built in which a prototype boiler with a nuclear core and propulsion system was installed. This PAT [land prototype] operated a whole year, the mockup submarine covering a distance equivalent to several circumnavigations of the earth. At the same time the first mechanics and electricians of the nuclear era were trained on the spot.

The PAT is still in existence and continues to operate, checked over by petty officers, future nuclear submarine crewmen. The PAT is thus also used as instructional equipment. The heat that it generates enables the facility to heat the buildings of the Nuclear Studies Center of Cadarache.

The PAT led to the CAP [advanced prototype boiler], intended for use in nuclear attack submarines such as the "Rubis." Submarine crews in training watch over the CAP and do their stint at the control panels.

On visiting the "nuclear pile walk," the laboratories, and installations of the CEA [Atomic Energy Commission], one learns many things regarding security

in particular: For example, that the nuclear power plants of the EDF [French Electric Power Company] have not caused any fatalities. For the industrial countries as a whole, industrial nuclear projects have resulted in about 10 fatalities, which is a small number compared to the statistics of other industrial projects.

Rear Admiral Tailhades, on thanking the heads of Cadarache, stressed the extreme importance this visit has for the French Navy reserve officers.

2662
CSO: 3519/414

MILITARY

FRANCE

SHIP TRAFFIC THROUGH OUESSANT, NEW CONTROL TOWER DESCRIBED

Paris COLS BLEUS in French 26 Mar 83 p 22

[Article by C.C. Baggio: "Brest: 'This Is Ouessant Traffic Control'"]

[Excerpts] "This is Ouessant traffic calling all ships": This is how throughout the year vessels passing off Ouessant are informed of the difficulties that they may find on reaching the ship channel or are questioned by the control center which closely follows the movement of each vessel.

1982 was completed, fortunately, without serious incident and it is now time to take stock.

The year's major event was the inauguration of the CROSS-Corsen (or CROSS-CO [Regional Operational Centers for Surveillance and Salvage]) on 13 October 1982 in the presence of the minister of maritime affairs. Its placement into service supplements that of the Ouessant tower where visual observation equipment and radar are installed.

The radar images are directly retransmitted by Hertzian beams to the CROSS-CO, itself hooked up on a permanent basis by telephone to the command in Brest. From there the deputy "Operations" officer has numerous means at his disposal: First of all the stationary facilities at Ouessant or the tug "Abeille Flandre," naturally, but also the "Super Frelon," a rescue vessel carrying towing equipment or an assessment team.

During 1982 a total of 52,724 vessels sailed by Ouessant, that is, an average of 145 a day. These figures barely exceed those of 1981, but there was a drop of 12 percent in infractions of regulations. They involved 2 percent of the ships, that is, 2 to 3 a day. It is, however, necessary to add that only loaded tankers are subject to major risks and barely 1 percent of these violated rules, that is, 32 ships for the entire year. Most of these violations involved navigation errors which led these vessels too close to another sealane for normally safe operations. Some of the ships, however --a very small minority representing 16 percent of the violations--were surprised upon realizing they were navigating in the wrong direction.

2662
CSO: 3519/414

MILITARY

FRANCE

NAVAL RIFLEMEN CONDUCT 'COLONNE 83' EXERCISE AT CHERBOURG

Paris COLS BLEUS in French 19 Mar 83 p 18

[Article by Rene Moirand: "Cherbourg--Colonne 83"]

[Text] There is a certain degree of excitement at the Cherbourg arsenal late in the afternoon this Friday, 18 February 1983, which foreshadows an unusual event: The start of the "Colonne 83" exercise. It is an opportunity for the company of naval riflemen to demonstrate its security skills. Over the weekend, this company ensures the safety of the arsenal by using warning equipment and, on Monday, the reservists of the Naval Instruction Center [CIN] of Querqueville join the company late in the day.

The exercise is in full swing: Since Friday evening, the defense faced troops belonging to the Jaubert Commando Unit and the CIN Querqueville whose mission is to infiltrate and sabotage the nerve centers of the arsenal. For a week a company of naval riflemen made up of over 70 percent recruits and the two UMD's (Naval Defense Units) 107 and 108, that is, about 120 draftees, will combat subversive activities.

An active defense system is set up along the arsenal's perimeter. A defense command post is "activated": It receives information from sentries who are concealed and equipped with radio transmitting facilities. In the naval riflemen's companies two teams are on alert around the clock and react quickly to calls for assistance. As for the UMD's, following their rapid and energetic regrouping in the dunes of Biville, they are ready to carry out their protecting mission.

The defense of the Homet zone was effective: The company of naval riflemen and the naval gendarmerie were able to check the commandos.

On Friday, 25 February 1983, at 0800 hours, the exercise was over. The UMD's are great again before their departure: The company of naval riflemen provide protection. There was no interruption in the arsenal's actual protection during the "Colonne 83" exercise.

2662
CSO: 3519/414

MILITARY

FRANCE

BRIEFS

MINESWEEPING LAUNCHES AT CHERBOURG--On 11 February 1983 the minesweeping launches "Phoenix" and "Cephee" returned to Cherbourg. The hail and snow-storm which greeted them could not diminish the joy of the crewmen who had been away for 8 months. In June 1982 the two minesweepers had left Cherbourg to go to Djibouti after calls at Huelva, Taranto, and Port Said. Numerous missions awaited them. First, with the antimines division of the Indian Ocean, under the command of Frigate Captain de Poncins and accompanied by the BSL [light support vessel] "Loire," the minesweepers "Dompaire" and "Garigliano" and the ocean minesweeper "Alencon," they participated in antimine exercises. [Excerpt] [Paris COLS BLEUS in French 2, 9 Apr 83 p 13] 2662

'LA PRAYA' AT TOULON--The attack submarine "La Praya" docked at Toulon on 2 March 1983 following a five and a half month mission in the Indian Ocean. It was the longest tour of duty accomplished by a French submarine in that region. The submarine "La Praya" will take a well-deserved rest. It visited Reunion, Mayotte, the Seychelles, and naturally Djibouti. Having sailed on 27 September 1982, it was at sea for 112 days. [By Rene Guillemin] [Excerpts] [Paris COLS BLEUS in French 26 Mar 83 p 21] 2662

CSO: 3519/414

MCDONNELL, PANAVIA FINAL OFFERS FOR FACA

Madrid ABC in Spanish 22 Apr 83 p 23

Text In the final stretch of the FACA (Future Combat and Attack Aircraft) program, which will end before 31 May next with the Spanish Government's selection of one of the airplane finalists, the American F-18 A and the European Tornado, the two manufacturers, McDonnell Douglas and Panavia, are putting the finishing touches on their final offers. Panavia will offer the Ministry of Defense bonuses worth approximately 600 million dollars if it chooses the Tornado, and McDonnell is inclined to raise its original offer to some 540 million if Spain buys the F-18 A.

A team of experts from the North American firm McDonnell Douglas, manufacturer of the F-18 A, is currently in contact with Air Force officials, whom they are helping to familiarize themselves with, and to become aware of, the problems that supply and maintenance of the system may present. Air Force sources have told ABC that this arrangement with McDonnell is continuing, because the latter firm has a signed letter of intent and has been paid a certain sum of money.

Negotiations with McDonnell

According to reliable sources, McDonnell Douglas has already prepared the final offer on transfer of technology that it will make to the Spanish Government in exchange for the purchase of 84 combat aircraft for the Air Force. The same sources noted that this offer represents a fifth of the 1.8 billion dollars in bonus benefits that McDonnell Douglas will provide over the next few years.

Briefly, the technology offer is as follows: manufacture of flight simulators, automatic electric circuit analysis, systems for the adaptation of machine-making tools for the production of spare parts for the aircraft, metal-cutting machines, airplane engine assembly and testing, repair and maintenance of the aircraft's avionics, manufacture of titanium tubes, electrolytic molding and heat vacuum treatment.

The sources mentioned above indicated that, simultaneously with this offer, McDonnell is continuing to negotiate on the manufacture of aircraft sub-assemblies, final assembly of the airplane, development of maintenance installations and development of diverse export services.

Furthermore, according to what ABC has learned, protests have been made to the General Directorate of Defense Information and Social Relations (DRISDE) about the publication last week of a report on the FACA project, which purported to sum up the criteria relating to this subject. The protests were motivated by what was described as the impropriety of the report's failure to assess the merits of the Tornado, the European airplane of the Panavia consortium, and the report's implication of intent to proceed with the commitment to the F-18 A.

Decision Soon

Two Defense Ministry committees are working on the reports that will serve as a basis for the final decision. One of these belongs to the General Headquarters of the Air Force and is responsible for analyzing the technical data on the airplanes that have been selected; the other, which reports to the General Directorate of Arms and Equipment, is studying the economic and industrial aspects of the operation.

In any case, the Council of Ministers will decide before 31 May to buy one or the other aircraft. If, as seems to be indicated, the FACA should be the F-18 A, its manufacturer, McDonnell Douglas, foresees the first airplane emerging from the Spanish factory Construcciones Aeronauticas (CASA), where assembly will take place, sometime during 1985.

12336
CSO: 3548/387

BIRTH RATE RESUMES INCREASE, FOLLOWING DECLINE 1965-75

Godthaab GRØNLANDSPOSTEN in Danish 23 Mar 83 p 56

[Text] Male population in surplus. Still a young population. Approximately half the population below the age of 20.

A total of 51,435 people. That is the population figure for Greenland as of 1 January 1982. A total of 42,156 of these people was born in Greenland, while 9,279 were born outside of Greenland. This appears from the most recent population statistics of the Ministry for Greenland Affairs.

Since 1960, the total population increased by approximately 55 percent. However, the population figure trends have differed widely, as far as towns and settlements are concerned. The population figure for the towns thus doubled from approximately 20,000 to approximately 40,000, while the population figure for the settlements dropped by almost 25 percent.

However, since 1975 the population figure of the settlements has remained at the same level of approximately 10,000 in total.

Male Population in Surplus

The statistics also show that there is a surplus of men. In the Greenland section of the population, the male population accounts for 51 percent, while the surplus is more pronounced in the non-Greenland section of the population, where 70 percent is male. Part of the reason for this is that the remotely located stations are nearly only manned by men born outside of Greenland.

More women than men above the age of 20 are married or have been married--60 percent of the women as against 48 percent of the men. Part of the explanation is that the number of Greenland women married to Danish men is considerably larger than the number of Greenland men married to Danish women.

The birth rate, which declined sharply from the mid-sixties to the mid-seventies has started increasing again during the last few years. The fact that the baby boom generation of the fifties has reached the age of reproduction accounts for practically the entire increase, according to the statistics.

It, moreover, appears from the population statistics that the Greenland population may still be regarded as a young population, despite the sharp decline in the birth rate compared to the mid-sixties.

On 1 January 1982, well over 29 percent of the population was below the age of 15 years, and nearly 15 percent was between 15 and 19 years of age. Almost half the Greenland population at the time was thus below the age of 20.

7066
CSO: 3613/36

ISLAMIC ACTIVITY, ORGANIZATION OF GUESTWORKERS IN FRG

Hamburg DER SPIEGEL in German 11 Apr 83 pp 86-101

/Article by Erich Wiedemann of DER SPIEGEL about the renaissance of Islam among Turks in the Ruhr: "If the Muftis Come, There'll Be Trouble in the Pit"/

/Text/ Between 7:00 and 7:15 am on a Saturday, as Wilhelm Lebjon straightens out the glasses of rolled pickled herring and pickled cucumbers on the counter of his bar and puts out the wire frames with BILD and HURRIYET, the dervishes begin to hum in the back of 134 Schonnebeckhoefe. "Ramadan or Rambazamba or whatever they call it," says Wilhelm Lebjon. "Just cross the yard; there's something going on there all right."

At first there is nothing going on. In the annex three dozen Turks are crouched in their stocking feet under a D-C-Fix cover and are humming. The hall is dark. Only an old Kueppersbusch briquette stove casts jellylike shadows on the carpeted floor. Right next to the door one can hear the soft drone of the freezer with the ritually killed chickens whose sales profit covers part of the rent. In the room next door one can hear the buzzing of the big samovar for the "Turkish morning drink," as it is called in "Tarzanja" (Tarzan German).

The hall used to belong to the Jehovah's Witnesses. The Turkish community of Essen-Katernberg has rented it because it is well located theogeographically. Its longitudinal axis points exactly in the direction of prayer, extending--roughly across the "Zollverein" pit--to the sacred Kaaba of Mecca.

Shortly before 8:00 am a freight train rumbles past the rear of the building. Dawn is breaking. On the gable wall one can now make out a table showing the status of membership contributions, revealing that dervish Kartal Idris has not contributed for 6 months.

Another few minutes of silence. Then the prayer leader, almost convulsively begins praising the name of Allah. First quite deliberately, then louder and louder and more and more rapidly, the others chime in: "Allah, Allah, Allah...." For minutes on end, nothing but "Allah, Allah...." The excitement grows. The thunder of the S-Bahn /rapid transit/ is drowned out by the shouts of "Allah."

Suddenly Mehmet cuts off the recitation with a wave of his hand. There is silence in the hall. Mehmet looks around, raises himself and claps his hands--end of performance. Being a courteous man, he does not say anything, but one can tell by his facial expression that he is bothered by the presence of strangers.

The dervishes of Essen-Katernberg do not reach a climax this time round. None dances and none faints with excitement. None puts a knitting needle through his hand. Maybe the flash of the photographer present prevents their going into ecstasy, or maybe they do not get into the right mood in the presence of infidels. But it may be they just do not want to show too much.

The renaissance of Islam among Muslims of the Federal Republic is just beginning, but it is doing so with a vengeance. "The religious dogmatists are on the move," says Yilmaz Karahasan, aliens specialist of the Metalworkers Union. And the movement is mainly concentrated in the Ruhr.

Adolf Schmidt, chairman of the Mining and Energy Union, took a dim view of the coal basin as early as 1979 because "the khojas are getting stronger all the time."

That was before the great victory of the mullahs in Iran. Today the khojas, as the Turkish clerics call themselves, have a firm hold on the 20,000 Turkish workers. It is in the pits that they have their strongest bridgeheads. When in the "Sonnenschein" seam and the "Dickebank" seam, more than 1,000 meters underground, the Muslim workers begin praying, all work comes to a standstill, for in some pits on the Ruhr 50 percent of underground miners speak Turkish--most of them only Turkish.

With management, there is hardly any trouble. The "ayatollahs," as the indigenous workers also call them, are more industrious than the less devout Turks. Idleness, the Prophet teaches, means cheating the employers, and cheating is a sin. Doctrines to the liking of Ruhrkohle AG.

Only among the German miners is there disgruntlement about the galloping Islamization in the colliery. Whoever does not breed carrier pigeons and does not drink double gins will always remain an outsider in Wanne-Eickel. Nor can they of course be seen auf Schalke Saturday afternoons. And now, on top of everything, they drop their rock drills five times a day for prayer and refuse to climb nude into the pithead baths with their German fellow workers.

In the course of the past 100 years, the Ruhr has swallowed almost without a trace half a dozen waves of immigrants. But integration of the Turks has not advanced a single step in 15 years. "The problem of foreigners is a problem of Turks," says Muehlheim Bundestag Deputy Thomas Schroeer (SPD). And the khojas have raised the walls even higher. The Turks must "not be in the majority" locally, says union boss Adolf Schmidt. Otherwise there'll be trouble in the pit.

In some suburbs they already constitute a majority of the population, for example, in Duisburg-Bruckhausen, almost two-thirds of the Turks in Germany

live on the Rhine and Ruhr--40,000 of them in Duisburg, and most of these in Bruckhausen. Ruhr Bishop Franz Hengsbach would be grieved if he saw how full the mosques in Bruckhausen are on a Friday afternoon after the early shift of the August Thyssen Metalworks.

Last year the Duisburgers together with their fellow Muslims in Krefeld organized a pilgrimage, a hajj, to Mecca. A total of 27 men were involved. Judging by registrations, there will be 10 times as many this year, at an inclusive price of DM5,000. Once you are home again, says Khoja Mehmet, you no longer have a chance to visit the holy city in the Hejaz. The Turkish passports of the guestworkers all contain the notation "Valid for all countries except Saudi Arabia." While leftists may travel to Moscow with the blessings of their government, with rare exceptions are Muslims allowed to go to Mecca. The military in Ankara is that afraid of the explosive power of Islam.

Bruckhausen is more Turkish than Kreuzberg. The columns of nameplates at the entrances of buildings speak for themselves--Altimkaya, Surekli, Beyharac. Next door is the office of "Dr Ali Teoman Bilge, obstetrician."

Only a few Kazmierzaks and Koslowskis of old Polish Ruhr nobility, the progeny of past waves of immigrants, are staunchly holding out. The discount shop on Edithstrasse, owned by Liselotte Yildiz, has hardly anything German of offer, carrying Ekmek, Borek and pumpkin seeds instead.

The small notions store on Dieselstrasse offers unexceptionable toothbrushes, the latest hit on the Turkish market, the manufacturer having spread the rumor that toothbrushes in Christian stores are made with hog's bristle.

The butcher's shop opposite has seen better times. Butcher Robert Stolzenbach would like to open a new store somewhere else, not because he does not like Turks but because he can no longer make a living off the few Germans in Bruckhausen.

The turnover in meat being sparse, he has gone so far as to stock cat litter and catnip. But selling his store is out of the question. Real estate prices in Bruckhausen have dropped to almost nil. A lawyer bought a whole street of buildings for a million last year. And Stolzenbach cannot sell his building for the price of a sandwich.

An attempt to acquire Turkish customers failed. Devout Turks do not trust a German butcher. And ever since the Islamic wave started, even nonreligious Muslims have stopped buying in butcher's shops which use their sausage machines for cutting both beef and pork sausage.

"We ain't got nothing against the muftis, they don't harm us and we don't harm them" says pensioner Erna Graff, who helps out at Stolzenbach's. "But always that fuss with cleaning the knife if you've used it for cutting schnitzel, and it's getting worse all the time."

"Turkish Theo," as the Duisburgers call him, is doing better all the time, on the other hand. Theo has made a monopoly out of a necessity besetting

guestworkers faithful to the Koran. Because the Ruhr authorities, with due regard for the German Law for the Protection of Animals, do not let the Turks do any ritual butchering in their slaughterhouses, he leases to them his old barn in Duisburg-Hamborn by the day. There they can do as much ritual butchering as they wish--sometimes a few hundred sheep a day. With this slitting of throats en masse, Turkish Theo has already made a small fortune.

In Dieselstrasse in Bruckhausen, along a route of 300 meters, all important organized variants of the Turkish ambience are represented by mosques or offices--Milli Gorus, the leading Muslim fundamentalist association; the even more militant Nurucus (bearers of light); right next to the soot-blackened tall bunker, the extreme rightist Gray Wolves; and further down Dev Yol, a pro-Albanian Communist group, which of all extremist movements at home incurred the most death sentences. "Der Hochofen," an old tavern for Thyssen workers, is in the firm grip of the leftist Association of Turkish Transport Workers. Often one can tell by the beards who belongs where. The clerics wear full beards, the Gray Wolves trimmed walrus moustaches, the Communists carefully tended quarter-inch Arafat stubbles. Here and there one can also see an Ottoman traditionalist with fez and twisted moustache.

Yet there has been no serious trouble here for a long time. One group avoids the another. If a couple of ultrareligious Suleymanlis are buying some sheep's cheese and olives in the shop opposite the Dev Yol office, the Communists remain outside until the road is clear inside.

"We are not men of violence," says a friendly young man in the Dev Yol office. "We want to attain our aims with political means." One would like to believe him, but fresh burns on his face and torn fingertips on his right hand make one skeptical.

Dieselstrasse is one of the most peaceful streets in the entire neighborhood, a small gray boulevard of coexistence. What goes on behind the windows painted over or covered with newspaper is another matter.

The backyard mosques in the Ruhr are not exactly temples of international friendship. The militant Muslim movement in the Federal Republic has many cohorts which fight each other doggedly. But ideologically, neighboring segments merge into one another.

Across the petty Islamic schism there stretches a bridge of common basic values. The most important one: Turkun tuerkten baska dostu yoktur (Turks can only be friends). Even most leftist clubs go along with that credo. There are yet further points of contact between left and right. They include the custom of having male progeny circumcised before school age. Kemal Ozkan, the owner of the biggest "circumcision palace" in Istanbul, travels to the Federal Republic for 3 months each year. Even nonreligious Turks send their children to his circumcision festivities. Varicolored fanciful uniforms are meant to strengthen the little patients morally to enable them to overcome the painful operation like brave soldiers.

Integration? "You know, we are very grateful for the hospitality we are allowed to enjoy here in the Federal Republic," says Sami Becelikli, the khoja of Gelsenkirchen-Resse. "No people in Europe are as tolerant as the Germans."

Sami says he has not experienced any xenophobia in Germany--apart from neo-Nazi rowdies who recently smashed the windows of his mosque, and of course also the portable toilet lender from Wattenscheid, North Rhine-Westphalian NPD /National Democratic Party of Germany/ Chairman Klaus Schultz, whose squads are a constant source of trouble for him. "What do you think it would be like in Turkey if, with our unemployment, we had 2 million Germans in the country? They could not dare go out any longer. At any rate, Turkish men can wear beards on their jobs, and Turkish women may wear head scarves and veils. In Turkey both are banned." The liberal-democratic constitution in this country also protects the small restrictions on the freedom of the guestworkers' women.

Sami Beceliki knows more about the world in which he lives than do his orthodox fellow workers who know the Koran by heart but often do not even know how to purchase an S-Bahn ticket. Among his peers Sami is regarded suspiciously as downright liberal. Reports that he occasionally finds himself under the same roof with female strangers have been received with indignation. Only, tolerance of course has its limits. Sami would not shake the hand of any woman, not even a Turkish one. Unlike his orthodox fellow workers, who beat it into the heads of the children during instruction in the Koran that whoever has any dealings with Germans will go to hell like them, he does not avoid contact with Germans. But if he does not have to, he does not seek such contact either.

A glance into his box of photographs shows whom Sami prefers to be close to. One picture shows him among Afghani mujahedin; another, showing him with a Kalashnikov in hand, next to an Iranian mullah.

The picture is deceptive, though. The Islamic international which allegedly supports militant Muslims in the Federal Republic with funds is not to be found in the Ruhr. The Turkish-Sunni movement is staunchly Turkish nationalist. Because they have watered down the true faith, Iranian Shias are abhorrent to the Turks. And, since Ottoman colonial times, they have regarded Arabs as people with dirty feet who frequent mosques in their nightgowns.

Its xenophobia and opposition to anything "un-Turkish" does not, however, prevent the Islamic movement in the Federal Republic from taking advantage of revolutionary impulses from the Islamic world abroad--or Qadhafi's money.

A little pietism and clericalism have always simmered beneath the surface of the Turkish-Islamic diaspora. But not until the stigma of the Iranian revolution were the embers fanned.

Do you want an Islamic revolution a la Khomeini, Sami?

Sami is taken aback. Having a PR-trained ear, he knows the German reaction to hearing the name of the old man from Qom. "No, no, we find the Iranians far too extreme." And how extreme are the Turkish fundamentalists in the Federal Republic?

Hasan Kerem, chairman of the European Islamic Union in Cologne, which has more than 200 associations of members in the Federal Republic alone, would like to put it this way: "Through resistance without the use of force, we would like to bring about a situation where the people no longer believe the lies of the Turkish government."

Dr Kerem knows what German democrats like to hear. Violence, he says, will only lead to suffering. "Many of us, maybe thousands, would die, just as Khomeini did it."

Imam Khomeini too, says Mufti Kerem, helped Islam to prevail in Iran without the use of force. Without the use of force...? "Sure, there were a few fringe groups which had not understood his message. But otherwise the Islamic revolution in Iran is nonviolent. Whoever claims otherwise has had his mind poisoned by the Communists and U.S. imperialists."

By way of proof he opens HICRET, the central organ of Milli Gorus. An interpreter translates: "The Jewish world conspiracy threatens us all-- Sequel 44." You see! But such a thing is hardly amazing in the case of a devout fighting publication, considering that the decidedly secularist HURRIYET extolled a Turkish guestworker in Frankfurt who had to die because he had refused a transfusion of heathen blood.

Yet Khomeini's Islamic Republic is no model for Mufti Kerem--he says. True, for the struggle of liberation against secular elements, one can learn from Khomeini, he says. "We cannot change anything about the legal basis of the Islamic Republic anyway, for it has been laid down by God and the Prophet."

Including stoning and cutting off people's heads?

Smiling, the mufti moves his head, wrapped in colored cloth. "Of course we will have to punish hypocrites by beheading them, as prescribed by the Sunna. But you forget, young friend, that the sinner is warned first." And as for stoning because of adultery...the Europeans keep forgetting--don't they?--that it takes four male eyewitnesses to convict adulterers.

Gambling, alcoholic consumption and homosexuality of course will have no place in the Turkish Islamic republic either. For a moment the mufti listens pained to the sound of the game room on the ground floor where the game automats are ringing as if to mock him. Whomever Allah loves, he tortures.

Hasan Kerem is also the head of the German Milli Gorus and also considers himself to be moderate. It is true that one seldom hears of Milli Gorus khojas publicly singing the praises of the German Fuehrer as did the preacher of the Nurcu movement in the mosque in Bottrop who enriched research on Hitler with the thesis that the Big Theese converted to Islam in his last days in the Reich Chancellery.

The Milli Gorus preachers generally are simple people from the country with a simple view of the world in which there is no room for interreligious elements such as ecumenism and love of one's fellow man. It is said that in a Dortmund mosque the local khoja warned his Koranic students not to have any truck with Christian children because one day all Christians would have their throats cut. A leaflet of the "Association for Koran Schools," close to Milli Gorus, warns against too friendly non-Muslim fellows because as a rule "an ugly Communist face, a Christian missionary or a Jewish agent turns out to hide behind them."

The Milli Gorus regard the Communists as even more of an enemy than they do nonbelievers. A devout Muslim, if it came down to it, could eat fried chicken at a "Wienerwald" restaurant but never one bought at an HO /East German state trade organization/ store.

With the khojas, Communism begins with Social Democracy. The Association for the Furtherance of the Hagia Sophia Mosque in Berlin recently pointed out in some enlightenment literature what it thought of the German state and its Social Democratic degenerations. It stated among other things: "Muslim children attending German schools incline toward morally inferior customs.... Teacher-student contacts are comparable to the contents of cheap sex movies. With the sole exception of undressing before one's teacher, just about any disgusting thing is allowed. And one clings to the final remnants of barbaric fascism."

The Social Security organization AWO /Arbeiterwohlfahrt/, close to the SPD gets the lowest grades. "Its homes," states the hortative piece, are a "breeding ground for prostitution, heroin caves, hostels for lesbians." AWO, it says, has "torn young girls from their mothers' laps and led them to the morass of passions."

Such misdeeds cannot be described as anything other than "horrible secret murders." The final appeal to all: "Wipe away the tears of thousands of children, mothers and fathers. Check into the practices of these nests of monsters and murderers."

Ridiculous, and yet it is with such ridiculous things that the tall gray man with the black turban began his political career.

As yet the parallels are indistinct. No savior figure of the ayatollah's format is to be seen on the FRG mufti scene. Gelsenkirchen is not Neauphle-le-Chateau. But ever since demagogic cassette songs taped in mosques on the Rhine and Ruhr started sounding from Anatolian minarets, the generals at home have felt a fear of the duplicity of history in their bones.

Just how the revolution is to leap over to Turkey is not yet clear. But the spark is there. The Turkish Communists in Essen too are convinced of that. Else they certainly would not have allowed the hated religious crowd to use space in the leftist Turkish cultural house in Essen, right next to the peep show on Viehofer Strasse.

The Turkish consulates are no the alert. The Friday sermon is always also attended by spies of the generals with cassette recorders. In Witten a monitor of the Consulate General in Essen was almost lynched by indignant believers early last January. Emanet Fikri, the khoja of Duisburg-Hochfeld and one of the most zealous critics of the generals' regime ever since not long ago a squad of anti-Muslims caused an uproar in the mosque on Wannheimerstrasse, has made sure that a few strong fellows sit in the front row.

Because the government in Ankara cannot control the Islamic movement with threats and confiscation of passports, it is trying to put out the fire at the base. The posts of Islamic teachers of religion, predominantly held by students and workers without training in education, at the behest of the military are to be filled by government-approved Turkish teachers.

Militant muftis on the Rhine and Ruhr, on the other hand, demand the positions of teachers of religion for themselves. The alternatives are not attractive for the state government in Duesseldorf: either more or less reliable democrats who know nothing about theology, or good theologists with decidedly antidemocratic intentions, or not quite so good theologians with not quite so antidemocratic intentions.

Ahmed Okutan, in charge of religious affairs at the Essen Consulate General, urgently warns against the "Khomeinization" in the Federal Republic, by saying, "We must now stick together in order to ease the danger." Bonn and Duesseldorf would in fact be prepared to get together with Ankara--were it not for their having to be afraid that the generals, along with the threat from the devout, would like to reduce the democratic opposition.

The Koran schools on German soil have pushed German democrats into alignment with the counterreformationists of the Turkish military government. "The Koran schools prevent integration," says Mr Okutan. "Whoever sends his child to a Koran school does it a disservice by forcing it to remain a foreigner," writes the SOZIALEMONKRATISCHER PRESSEDIENST.

Monotonous cramming of suras is not the worst feature. In the Koran schools, with the help of the cane, atavistic basic values of Islam no longer valid even in most Islamic countries are inculcated in the children's minds--absolute obedience of the student toward the teacher, obedience of women toward men, hate against "anything that does not come from Allah." Germans of course do not come from Allah.

The Islamic revolution pervades the children's room. That was also the case with the Gulsen family in Gelsenkirchen. The father is a miner in the Hugo pit. He had never been a devout Muslim--until his daughters Sabire and Comlek came home from the Koran school one day and told him that it was time to give to Allah what was Allah's. Now the worker Gulsen regularly goes to Khoja Sami Becelikli's mosque.

Not everyone resolves the conflict of competing cultural trends as smoothly as the Gulsen family. Twelve-year-old Sehure was ruined by it. She had come to Germany as a small child and wanted to live like a German simply because she had never seen her Turkish homeland.

Her parents, however, wanted a devout and patriotic daughter. Sehure had to wear the hated head scarf in school and was forced to break off all contacts with her German girlfriends.

On 20 May 1982 her parents found her goodby letter on the kitchen table. "Allah wanted it so," she had written, "I kiss your hands, I kiss the eyes of Elif, Adife and Sedat." In the attic Sehure had hanged herself with her head scarf.

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